

Registration number: 05174129

# Marks and Spencer Chester Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 28 March 2020

FRIDAY



\*A9I8VHGX\*

A25

20/11/2020

#223

COMPANIES HOUSE

## **Marks and Spencer Chester Limited**

### **Directors' Report for the Year Ended 28 March 2020**

The directors present their report and the unaudited financial statements for the year ended 28 March 2020.

#### **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:

Nick Folland

Lucy Walker (appointed 27 June 2019)

Andrew Turton (appointed 24 September 2019)

Steven Bennett (resigned 29 August 2019)

Alistair Willey (resigned 27 June 2019)

#### **Principal activity**

The Company's principal activity is holding property on behalf of Marks and Spencer plc. The Marks and Spencer Group receives rent from M&S Bank in accordance with the terms of an agreement between Marks and Spencer plc, HSBC and M&S Bank. 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 28 March 2020 (the 'year').

#### **Strategic report**

Exemption has been taken from preparing a strategic report in line with S414b of the Companies Act 2006.

#### **Dividends**

The directors recommend a final dividend payment of £Nil (last year £Nil) be made in respect of the financial year ended 28 March 2020.

#### **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. In forming this conclusion, the directors considered the Group's liquidity position with particular consideration to the ongoing 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 28 March 2020 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 Chester Limited**

### **Directors' Report for the Year Ended 28 March 2020 (continued)**

#### **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 22 October 2020 and signed on its behalf by:



.....  
Nick Folland  
Director

## **Marks and Spencer Chester Limited**

### **Income Statement for the Year Ended 28 March 2020**

	Note	52 weeks ended 28 March 2020 £ 000	52 weeks ended 30 March 2019 £ 000
Revenue	3	<u>2,246</u>	<u>2,246</u>
Operating profit		2,246	2,246
Finance costs	6	<u>(137)</u>	<u>-</u>
Profit before tax		2,109	2,246
Income tax expense	7	<u>(400)</u>	<u>(427)</u>
Profit for the year		<u>1,709</u>	<u>1,819</u>

The notes on pages 7 to 15 form an integral part of these financial statements.

# Marks and Spencer Chester Limited

(Registration number: 05174129)

## Statement of Financial Position as at 28 March 2020

	Note	52 weeks ended 28 March 2020 £ 000	52 weeks ended 30 March 2019 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	11,725	11,725
Deferred tax assets	7	3	3
		<u>11,728</u>	<u>11,728</u>
<b>Current assets</b>			
Cash and cash equivalents		-	-
Total assets		<u>11,728</u>	<u>11,728</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	(7,500)	(7,500)
Retained earnings		<u>4,317</u>	<u>6,026</u>
Total equity		<u>(3,183)</u>	<u>(1,474)</u>
<b>Current liabilities</b>			
Trade and other payables	10	(8,145)	(9,828)
Income tax liability		<u>(400)</u>	<u>(426)</u>
		<u>(8,545)</u>	<u>(10,254)</u>
Total equity and liabilities		<u>(11,728)</u>	<u>(11,728)</u>

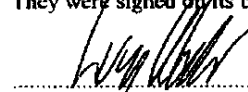
For the financial year ended 28 March 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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 22 October 2020.

They were signed on its behalf by:



Lucy Walker

Director

The notes on pages 7 to 15 form an integral part of these financial statements.

## Marks and Spencer Chester Limited

### Statement of Changes in Equity for the Year Ended 28 March 2020

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

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 31 March 2019	7,500	(6,026)	1,474
Profit for the period	-	1,709	1,709
At 28 March 2020	7,500	(4,317)	3,183

The notes on pages 7 to 15 form an integral part of these financial statements.  
Page 5

## Marks and Spencer Chester Limited

### Statement of Cash Flows for the Year Ended 28 March 2020

	Note	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		1,709	1,819
Adjustments to cash flows for not from cash items			
Finance costs	6	137	-
Income tax expense		400	427
		2,246	2,246
Working capital adjustments			
Decrease in trade and other payables	10	(1,683)	(1,825)
Cash generated from operations		563	421
Income taxes paid		(426)	(421)
Net cash flow from operating activities		137	-
<b>Cash flows from financing activities</b>			
Interest paid	6	(137)	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

The notes on pages 7 to 15 form an integral part of these financial statements.  
Page 6

## **Marks and Spencer Chester Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 28 March 2020**

#### **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 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 1.

##### **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 31 March 2019:

- IFRS 16 Leases.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Amendments to IFRS 9 Prepayment Features with Negative Compensation.
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures.
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement.
- Annual Improvements to IFRS Standards 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).
- Amendments to IAS 39 Financial instruments: Recognition and measurement

The adoption of the other 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:

- Amendments to IFRS 16: Covid-19-Related Rent Concessions.
- 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.
- IFRS 17 Insurance Contracts.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform.

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.

##### **Revenue recognition**

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



## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 28 March 2020

#### 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.

#### 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:

##### Asset class

Freehold and leasehold buildings with a remaining lease term over 50 years

Freehold land

Leasehold buildings with a remaining lease term of less than 50 years

Fixtures, fittings and equipment

##### Depreciation method and rate

Depreciated to their residual values over their estimated remaining economic lives.

Not depreciated.

Depreciated over shorter of their useful economic lives and the remaining period of the lease.

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.

#### Cash and cash equivalents

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

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 28 March 2020

#### 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.

#### 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 28 March 2020 £ 000	52 weeks ended 30 March 2019 £ 000
Rental income	2,246	2,246

Revenue is generated from operations within the United Kingdom.

#### 4 Employee information

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

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 28 March 2020

#### 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 28 March 2020 £ 000	52 weeks ended 30 March 2019 £ 000
<b>Finance costs</b>		
Interest charge from a related party	(137)	-

#### 7 Income tax

Tax charged in the income statement

	52 weeks ended 28 March 2020 £ 000	52 weeks ended 30 March 2019 £ 000
<b>Current taxation</b>		
UK corporation tax	400	426
<b>Deferred taxation</b>		
Arising on origination and reversal of timings differences	-	1
Tax expense in the income statement	400	427

The tax on profit before tax for the period is the same as the standard rate of corporate tax in the UK of 19% (2019 - 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 28 March 2020 £ 000	52 weeks ended 30 March 2019 £ 000
Profit before tax	2,109	2,246
Corporation tax at standard rate	400	427
Total tax charge	400	427

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 28 March 2020

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 30 March 2019 £ 000	Recognised in income £ 000	At 28 March 2020 £ 000
Accelerated tax depreciation	<u>3</u>	<u>-</u>	<u>3</u>

Deferred tax movement during the prior year:

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

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 28 March 2020

#### 8 Property, plant and equipment

	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 1 April 2018	11,725	-	11,725
	<b>Land and buildings £ 000</b>	<b>Furniture, fittings and equipment £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>			
At 31 March 2019	34,780	2,220	37,000
At 28 March 2020	34,780	2,220	37,000
<b>Depreciation</b>			
At 31 March 2019	23,055	2,220	25,275
At 28 March 2020	23,055	2,220	25,275
<b>Carrying amount</b>			
At 28 March 2020	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 28 March 2020

#### 9 Share capital

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

	As at 28 March 2020		As at 30 March 2019	
	No. 000	£ 000	No. 000	£ 000
Share Capital of £1 each	7,500	7,500	7,500	7,500

#### 10 Trade and other payables

	At 28 March 2020 £ 000	At 30 March 2019 £ 000
Amounts due to related parties (see note 11)	7,472	9,155
Social security and other taxes	112	112
Deferred Income	561	561
	<u>8,145</u>	<u>9,828</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

	Other related parties £ 000
<b>2020</b>	
Amounts payable to related party	<u>576</u>
<b>2019</b>	
Amounts payable to related party	<u>537</u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 28 March 2020

#### Loans from related parties

		Other related parties £ 000
<b>2020</b>		
At start of year		8,618
VAT paid		449
Tax paid		413
Interest paid		112
Repayment		(2,696)
At end of year		<u>6,896</u>
	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.

#### Terms of loans from related parties

As at 28 March 2020 the loan of £6,896,000 (last year £8,618,000) from another group undertaking is interest bearing, last year was non-interest bearing. The current account payable with another group undertaking of £576,000 (last year 537,000) is non-interest bearing. Overall the interest payable during the year was £137,000 (last year nil). Interest rates are set within intercompany loan agreements; currently at 1% + 1.BBOR. A 2% increase/decrease in the interest rate of the loan from another Group undertaking would result in a loss/gain of £138,000 in the income statement, before tax.

#### 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 28 March 2020**

#### **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