

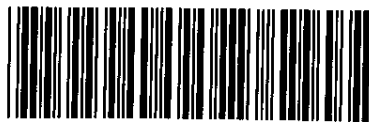
Registration number: 05174129

# Marks and Spencer Chester Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 2 April 2022

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**Marks and Spencer Chester Limited**  
**Directors' Report for the Year Ended 2 April 2022**

The directors present their report and the unaudited financial statements for the year ended 2 April 2022.

**Directors' of the company**

The directors, who held office during the year, were as follows:

Nick Folland

Andrew Turton

Adam Dobbs

**Principal activity**

The principal activity of the company is holding property on behalf of Marks and Spencer plc to enable Marks and Spencer plc to carry out its operational 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 2 April 2022 (the 'year').

**Strategic report exemption**

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 2 April 2022.

**Going concern**

In adopting the going concern basis for preparing the financial statements, the directors have considered the principal activities and principal risks and uncertainties relating to the Company. Based on the Company's current activities, financial position and future plans the directors are satisfied that the Company will be able to operate as a going concern for at least the next 12 months from the approval of these financial statements. For this reason the directors consider it appropriate for the Company to adopt the going concern basis in preparing its financial statements. The Company is not directly affected by COVID-19 or Brexit.

**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 2 April 2022 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 2 April 2022 (continued)

#### Statement of directors' responsibilities

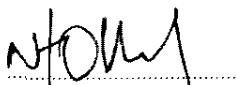
The directors are responsible for preparing the Annual Report and the unaudited financial statements in accordance with applicable law and regulations.

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 UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. 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 IFRS (as adopted by the UK) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 20 December 2022 and signed on its behalf by:



Nick Folland  
Director

**Marks and Spencer Chester Limited**  
**Income Statement for the Year Ended 2 April 2022**

		52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
	Note		
Revenue	3	1,608	2,246
Cost of sales		<u>576</u>	<u>(3,075)</u>
Operating profit/(loss)	4	2,184	(829)
Finance costs	7	<u>(59)</u>	<u>(80)</u>
Profit/(loss) before tax		2,125	(909)
Income tax expense	8	<u>(296)</u>	<u>(1)</u>
Profit/(loss) for the year		<u><u>1,829</u></u>	<u><u>(910)</u></u>

The above results were derived from continuing operations.

# Marks and Spencer Chester Limited

(Registration number: 05174129)

## Statement of Financial Position as at 2 April 2022

	Note	As at 2 April 2022 £ 000	As at 3 April 2021 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	9,226	8,650
Deferred tax assets	8	<u>2</u>	<u>2</u>
		<u>9,228</u>	<u>8,652</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	(7,500)	(7,500)
Retained earnings		<u>3,398</u>	<u>5,227</u>
Total equity		<u>(4,102)</u>	<u>(2,273)</u>
<b>Current liabilities</b>			
Trade and other payables	11	(4,832)	(6,379)
Income tax liability	8	<u>(294)</u>	<u>-</u>
		<u>(5,126)</u>	<u>(6,379)</u>
Total equity and liabilities		<u>(9,228)</u>	<u>(8,652)</u>

For the financial year ending 2 April 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 20 December 2022 and signed on its behalf by:



Adam Dobbs  
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 2 April 2022

	<b>Share capital</b> <b>£ 000</b>	<b>Retained earnings</b> <b>£ 000</b>	<b>Total</b> <b>£ 000</b>
At 4 April 2021	7,500	(5,227)	2,273
Profit for the year	-	1,829	1,829
Total comprehensive income	-	1,829	1,829
At 2 April 2022	7,500	(3,398)	4,102
	<b>Share capital</b> <b>£ 000</b>	<b>Retained earnings</b> <b>£ 000</b>	<b>Total</b> <b>£ 000</b>
At 29 March 2020	7,500	(4,317)	3,183
Loss for the year	-	(910)	(910)
Total comprehensive income	-	(910)	(910)
At 3 April 2021	7,500	(5,227)	2,273

## Marks and Spencer Chester Limited

### Statement of Cash Flows for the Year Ended 2 April 2022

		52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
	Note		
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		1,829	(910)
Adjustments to cash flows from non-cash items			
Finance costs	7	59	80
Income tax expense	8	296	1
Impairment loss or reversal		(576)	3,075
		1,608	2,246
Working capital adjustments			
Decrease in trade and other payables	11	(1,547)	(1,766)
Cash generated from operations		61	480
Income taxes paid	8	(2)	(400)
Net cash flow from operating activities		59	80
<b>Cash flows from financing activities</b>			
Interest paid		(59)	(80)
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.

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022

#### 1 Accounting policies

##### Basis of preparation

The financial statements have been prepared for the 52 weeks ended 2 April 2022 (last year: 53 weeks ended 3 April 2021) in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

*The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the business activities as set out on page 1.*

The Company has applied the following new standards and interpretations for the first time for the annual reporting period commencing 4 April 2021:

- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2

*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 standards and interpretations that are in issue but not yet effective are listed below:

- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IFRS 3: Reference to the Conceptual Framework
- 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
- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

*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 2 April 2022

#### Tax

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

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

Freehold land

Fixtures, fittings and equipment

##### Depreciation method and rate

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

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

Not depreciated.

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 2 April 2022

#### 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 year from continuing operations is as follows:

	52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
Rental income from a related party	1,608	2,246

Revenue is generated from operations within the United Kingdom.

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022

#### 4 Operating profit/(loss)

Arrived at after charging/(crediting)

	52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
Impairment (reversal)/loss	<u>(576)</u>	<u>3,075</u>

The Marks and Spencer Group owns a significant property portfolio, most of which is used for trading purposes. A small number of these properties are held within separate property holding companies within which revenue is derived from related party rental income and not the underlying retail activities of the store. These related party rental agreements generally do not contain rental uplift provisions.

An asset is impaired where the book value of the property is greater than the deemed recoverable value. The deemed impairment does not reflect the value generated from continuing to trade the store on a value in use basis.

A valuation of the property portfolio was performed for internal purposes in July 2021 and August 2022. Following these valuations and management's own internal assessment of individual properties an impairment reversal was booked in the current year (impairment charge booked in prior year).

#### 5 Employee information

The Company had 0 employees during the year (last year 0).

#### 6 Directors' remuneration

Directors remuneration in respect of their services to the Company during the year was £0 (last year £0).

#### 7 Finance costs

	52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
<b>Finance costs</b>		
Interest charge from a related party	<u>(59)</u>	<u>(80)</u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022

#### 8 Income tax

Tax charged/(credited) in the income statement

	52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
<b>Current taxation</b>		
UK corporation tax	294	-
UK corporation tax adjustment to prior periods	<u>2</u>	<u>-</u>
	296	0
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>-</u>	<u>1</u>
Tax expense in the income statement	<u><u>296</u></u>	<u><u>1</u></u>

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	52 weeks to 2 April 2022 £ 000	53 weeks to 3 April 2021 £ 000
Profit/(loss) before tax	<u>2,125</u>	<u>(909)</u>
Corporation tax at standard rate	404	(173)
Increase in current tax from adjustment for prior periods	2	-
(Decrease)/increase from effect of expenses not deductible in determining taxable profit (tax loss)	(109)	584
Decrease arising from group relief tax reconciliation	-	(410)
Deferred tax credit relating to changes in tax rates or laws	<u>(1)</u>	<u>-</u>
Total tax charge	<u><u>296</u></u>	<u><u>1</u></u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the period:

	At 4 April 2021 £ 000	Recognised in income £ 000	At 2 April 2022 £ 000
Accelerated tax depreciation	<u>2</u>	<u></u>	<u>2</u>

Deferred tax movement during the prior period:

	At 29 March 2020 £ 000	Recognised in income £ 000	At 3 April 2021 £ 000
Accelerated tax depreciation	<u>3</u>	<u>(1)</u>	<u>2</u>

#### 9 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 29 March 2020	<u>34,780</u>	<u>2,220</u>	<u>37,000</u>
At 3 April 2021	<u>34,780</u>	<u>2,220</u>	<u>37,000</u>
At 4 April 2021	<u>34,780</u>	<u>2,220</u>	<u>37,000</u>
At 2 April 2022	<u>34,780</u>	<u>2,220</u>	<u>37,000</u>
<b>Depreciation</b>			
At 29 March 2020	<u>23,055</u>	<u>2,220</u>	<u>25,275</u>
Impairment	<u>3,075</u>	<u>-</u>	<u>3,075</u>
At 3 April 2021	<u>26,130</u>	<u>2,220</u>	<u>28,350</u>
At 4 April 2021	<u>26,130</u>	<u>2,220</u>	<u>28,350</u>
Impairment	<u>(576)</u>	<u>-</u>	<u>(576)</u>
At 2 April 2022	<u>25,554</u>	<u>2,220</u>	<u>27,774</u>
<b>Carrying amount</b>			
At 2 April 2022	<u>9,226</u>	<u>-</u>	<u>9,226</u>
At 3 April 2021	<u>8,650</u>	<u>-</u>	<u>8,650</u>
At 29 March 2020	<u>11,725</u>	<u>-</u>	<u>11,725</u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022

#### 10 Share capital

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

	As at 2 April 2022		As at 3 April 2021	
	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>

#### 11 Trade and other payables

	As at 2 April 2022 £ 000	As at 3 April 2021 £ 000
Amounts due to related parties	4,370	5,707
Social security and other taxes	95	112
Other payables	<u>367</u>	<u>560</u>
	<u>4,832</u>	<u>6,379</u>

## Marks and Spencer Chester Limited

### Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022

#### 12 Related party transactions

##### Payables to related parties

	Other related parties £ 000
<b>2022</b>	
Interest charge from a related party	59
Amounts payable to related party	154
	<u>154</u>
	<b>Other related parties £ 000</b>
<b>2021</b>	
Interest charge from a related party	80
Amounts payable to related party	550
	<u>550</u>

##### Loans from related parties

	Other related parties £ 000
<b>2022</b>	
At start of year	5,157
VAT paid	300
Tax paid	399
Interest paid	58
Repayment of loan	(1,698)
	<u>4,216</u>
At end of year	<u>4,216</u>
	<b>Other related parties £ 000</b>
<b>2021</b>	
At start of year	6,896
VAT paid	425
Tax paid	412
Interest paid	94
Repayment of loan	(2,670)
	<u>5,157</u>
At end of year	<u>5,157</u>

##### Terms of loans from related parties

As at 2 April 2022 the loan of £4,216,000 (last year £5,157,000) from another group undertaking is interest bearing. The current account payable with another group undertaking of £154,000 (last year £550,000) is non interest bearing. Overall the interest payable during the year was £58,000 (last year £94,000). The loan is interest bearing at SONIA plus an applicable margin. This replaced the previous benchmarking (LIBOR plus margin) during the financial year. A 2% increase/decrease in the interest rate of the loan from another Group undertaking would result in a loss/gain of £84,000 in the income statement, before tax.

## **Marks and Spencer Chester Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 2 April 2022**

#### **13 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)*

#### **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