

Registration number 05502519

Marks and Spencer 2005 (Chester Satellite Store) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 2 April 2016

FRIDAY



L5MEZ75M

L11

23/12/2016

#224

COMPANIES HOUSE

Marks and Spencer 2005 (Chester Satellite Store) Limited

Strategic Report for the Year Ended 2 April 2016

The directors present their strategic report for the year ended 2 April 2016

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 prior year, the directors approved the closure of the Chester Satellite Store and the store ceased trading on 10 April 2014. The Company's assets were written down to their net realisable values and reclassified to current assets due to the intention to sell the property. The property was sold on 3 December 2014. The financial statements have been prepared on a basis other than that of a going concern for the year ended 2 April 2016.

Principal risks and uncertainties and financial risk management

The Company is part of the Marks and Spencer group of companies (the 'Group'). The directors of Marks and Spencer Group plc manage the Group's risk at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Marks and Spencer 2005 (Chester Satellite Store) Limited business. The principal risks and uncertainties of Marks and Spencer Group plc which include those of the Company are discussed on pages 27 to 29 and 47 to 48 of the Group's annual report which does not form part of this report. Copies of the Marks and Spencer Group plc consolidated financial statements are available from the Company Secretary at Waterside House, 35 North Wharf Road, London W2 1NW or are available on the website www.marksandspencer.com/thecompany.

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board on 21/12/16 and signed on its behalf by



Amanda Mellor
Director

Marks and Spencer 2005 (Chester Satellite Store) Limited

Directors' Report for the Year Ended 2 April 2016

The directors present their report and the unaudited financial statements for the year ended 2 April 2016

Directors of the company

The directors who held office during the period and up to the date of signing the financial statements were as follows

Amanda Mellor

Paul Friston (resigned 5 June 2015)

Hamish Platt (appointed 10 July 2015 and resigned 4 April 2016)

Helen Weir (appointed 5 June 2015)

The following director was appointed after the period end

Scilla Grimble (appointed 4 April 2016)

Principal activity

The Company's principal activity in prior periods was holding property on behalf of Marks and Spencer plc to enable Marks and Spencer plc to carry out its retailing activities. As the property was sold in the year the Company has now ceased this activity and the accounts have been prepared on a basis other than that of a going concern.

Marks and Spencer 2005 (Chester Satellite Store) 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 2016 (the 'year'). The previous financial year is the 52 weeks ended 28 March 2015.

Dividends

The directors recommend a final dividend payment of £nil be made in respect of the financial period ended 2 April 2016 (last year £nil).

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 2016 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 2005 (Chester Satellite Store) Limited

Directors' Report for the Year Ended 2 April 2016 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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 21.12.16 and signed on its behalf by



Amanda Mellor
Director

Marks and Spencer 2005 (Chester Satellite Store) Limited

Income Statement for the Year Ended 2 April 2016

	Note	53 weeks ended 2 April 2016 £ 000	52 weeks ended 28 March 2015 £ 000
Operating profit/(loss)		-	-
Finance income		57	-
Finance costs		-	(76)
Net finance income/(cost)	5	57	(76)
Profit/(loss) before tax		57	(76)
Income tax (expense)/receipt	6	(11)	16
Profit/(loss) for the period		46	(60)
Total comprehensive income/(expense)		46	(60)

The above results were derived from continuing operations

Marks and Spencer 2005 (Chester Satellite Store) Limited

(Registration number: 05502519)

Statement of Financial Position as at 2 April 2016

	Note	2016 £ 000	2015 £ 000
Assets			
Current assets			
Trade and other receivables	9	3,434	3,361
Income tax asset		-	16
		<u>3,434</u>	<u>3,377</u>
Equity and liabilities			
Equity			
Share capital	8	(10)	(10)
Share premium		(6,274)	(6,274)
Retained earnings		<u>2,861</u>	<u>2,907</u>
Total equity		(3,423)	(3,377)
Current liabilities			
Income tax liability		<u>(11)</u>	-
Total equity and liabilities		<u>(3,434)</u>	<u>(3,377)</u>

For the financial period ending 2 April 2016 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

The financial statements of the Company were approved by the Board and authorised for issue on 21.12.16

They were signed on its behalf by



Scilla Grimble
Director

Marks and Spencer 2005 (Chester Satellite Store) Limited

Statement of Changes in Equity for the Year Ended 2 April 2016

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 30 March 2014	10	6,274	(2,847)	3,437
Loss for the period	-	-	(60)	(60)
At 28 March 2015	<u>10</u>	<u>6,274</u>	<u>(2,907)</u>	<u>3,377</u>
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 29 March 2015	10	6,274	(2,907)	3,377
Profit for the period	-	-	46	46
At 2 April 2016	<u>10</u>	<u>6,274</u>	<u>(2,861)</u>	<u>3,423</u>

The notes on pages 7 to 13 form an integral part of these financial statements

Marks and Spencer 2005 (Chester Satellite Store) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016

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. Refer to the Directors Report.

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

The following IFRS have been issued but are not yet effective:

- IFRS 16 'Leases' was issued on 13 January 2016 and is effective for periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The standard is yet to be endorsed by the EU. The standard represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model, and as such, requires lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is 12 months or less. Accounting requirements for lessors are substantially unchanged from IAS 17, as such the impact of the standard on these financial statements is expected to be minimal.

- IFRS 9 'Financial Instruments' replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective from 1 January 2018 and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognising provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology. Given the principal activities of the Company, adoption of IFRS 9 is not expected to have a material impact on these financial statements, and

- IFRS 15 'Revenue from Contracts with Customers' is effective for periods beginning on or after 1 January 2018 with early adoption permitted. The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. It 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 current accounting standards. Given the principal activities of the Company, adoption of IFRS 15 is not expected to have a material impact on these financial statements.

A summary of the Company's significant accounting policies adopted is given below.

Accounting convention

The financial statements are drawn up on a basis other than that of a going concern. The Company's accounting policies have been consistently applied throughout the year.

Marks and Spencer 2005 (Chester Satellite Store) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

1 Accounting policies (continued)

Taxation

Tax expense comprises current and deferred tax. 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.

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.

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.

Statement of cash flows

There were no cash movements for the Company as all transactions are settled using intercompany loans and current accounts and therefore no Statement of cash flows is presented in these accounts. Please refer to note 7 for details of non-cash movements.

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 2005 (Chester Satellite Store) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

1 Accounting policies (continued)

Financial Risk Management

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 Group company

Liquidity risk

The Company's exposure to liquidity risk is managed by funding of cash flow requirements from the parent company

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 in order to provide optimal returns for shareholders

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. There are no critical judgements within the accounts.

3 Employee information

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

4 Directors emoluments

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

Marks and Spencer 2005 (Chester Satellite Store) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016
(continued)**

5 Finance income and costs

	53 weeks ended 2 April 2016 £ 000	52 weeks ended 28 March 2015 £ 000
Finance costs		
Interest payable to a related party	-	(76)
Finance income from a related party	<u>57</u>	<u>-</u>
Finance income/(cost)	<u><u>57</u></u>	<u><u>(76)</u></u>

6 Income tax

Tax charged/(credited) in the income statement

	53 weeks ended 2 April 2016 £ 000	52 weeks ended 28 March 2015 £ 000
Current taxation		
UK corporation tax	<u><u>11</u></u>	<u><u>(16)</u></u>

The tax on loss before tax for the period is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 21%)

The differences are reconciled below

	53 weeks ended 2 April 2016 £ 000	Year ended 28 March 2015 £ 000
Profit/(loss) before tax	<u><u>57</u></u>	<u><u>(76)</u></u>
Corporation tax at standard rate	<u><u>11</u></u>	<u><u>(16)</u></u>
Total tax charge/(credit)	<u><u>11</u></u>	<u><u>(16)</u></u>

Marks and Spencer 2005 (Chester Satellite Store) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016
(continued)**

7 Non-cash movements

The Company does not have a bank account. All transactions are settled using intercompany loans and current accounts. The movements for the year comprise the following:

	2016 £ 000	2015 £ 000
Profit/(loss) before tax	57	(76)
Interest (receivable)/payable to another Group company	<u>-</u>	<u>76</u>
Funds generated from operations	57	-
Funds from operating activities		
Tax received/ paid	<u>16</u>	<u>(135)</u>
Net funds generated from operating activities	<u>73</u>	<u>(135)</u>
Funds from investing activities		
Proceeds on property disposals	<u>-</u>	<u>10,350</u>
Net inflow of funds from investing activities	<u>-</u>	<u>10,350</u>
Funds from financing activities		
Interest received/(paid)	<u>57</u>	<u>(76)</u>
Net inflow/(outflow) of funds from financing activities	<u>57</u>	<u>(76)</u>
Net movement in intercompany balances	<u>130</u>	<u>10,139</u>

Marks and Spencer 2005 (Chester Satellite Store) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016
(continued)**

8 Share capital

Allotted, called up and fully paid shares

	2 April 2016		28 March 2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

9 Related party transactions

Summary of transactions with parent entities

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

Expenditure with and payables to related parties

2016

Interest receivable from a related party	Parent £ 000
	(57)
Amounts receivable from a related party	<u>(65)</u>

2015

Interest payable to a related party	Parent £ 000
	76
Amounts payable to a related party	<u>86</u>

Marks and Spencer 2005 (Chester Satellite Store) Limited

Notes to the Unaudited Financial Statements for the Year Ended 2 April 2016 (continued)

9 Related party transactions (continued)

Loans (from)/to related parties

	Parent £ 000
2016	
At start of period	(3,447)
Advanced	135
Interest receivable	(57)
At end of period	<u>(3,369)</u>
2015	
At start of period	6,680
Advanced	147
Repaid	(10,350)
Interest charged	76
At end of period	<u>(3,447)</u>

Terms of loans from related parties

As at 02 April 2016 the loan to the immediate parent company was £3,369,000 (last year £3,447,000). The current accounts receivable of £65,000 (last year £86,000) is non interest bearing. The loan is interest bearing with the interest received during the year of £57,000 (last year £76,000 charged). Interest rates are set within intercompany loan agreements, however, they are approximately in line with LIBOR. A 2% increase/decrease in the interest rate of the loan to the parent would result in a loss/gain of £67,000 in the income statement, before tax.

10 Parent and ultimate parent undertaking

The Company's immediate parent is Marks and Spencer 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 England and Wales.

The address of Marks and Spencer Group plc is
Waterside House, 35 North Wharf Road, London W2 1 NW.

The parent of the smallest group in which these financial statements are consolidated is Marks and Spencer plc, incorporated in England and Wales.

The address of Marks and Spencer plc is
Waterside House, 35 North Wharf Road, London W2 1 NW.