

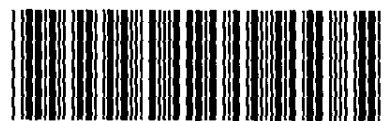
Registration number: 05502543

Simply Food (Property Investments)

Annual Report and Unaudited Financial Statements

for the Year Ended 30 March 2019

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Simply Food (Property Investments)

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 £65,000 (last year profit of £33,000).

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, capital management, and interest rate 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.

Interest rate risk

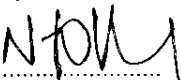
The Company's exposure to interest rate fluctuations is limited to interest bearing loans to and from other Group undertakings where the interest rates are agreed with the Group company.

The directors do not believe the Company is exposed to significant 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

Simply Food (Property Investments)

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:

Amanda Mellor (resigned 1 February 2019)

Scilla Grimble (resigned 14 September 2018)

Steven Bennett (appointed 14 September 2018 and resigned 29 August 2019)

Alistair Willey (resigned 27 June 2019)

Nick Folland (appointed 1 February 2019)

The following directors were appointed after the year 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 the Marks and Spencer plc group of companies to enable the group of companies to carry out their 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.

Simply Food (Property Investments) 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.

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.

Simply Food (Property Investments)

Directors' Report for the Year Ended 30 March 2019

Statement of directors' responsibilities

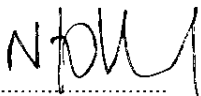
The directors are responsible for preparing the Annual Report and the unaudited financial statements in accordance with applicable law and regulations.

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

Simply Food (Property Investments)

Income Statement for the Year Ended 30 March 2019

	Note	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Revenue	3	59	59
Cost of sales		<u>13</u>	<u>(15)</u>
Operating profit	4	72	44
Finance income	7	<u>5</u>	<u>-</u>
Profit before tax		77	44
Income tax expense	8	<u>(12)</u>	<u>(11)</u>
Profit for the year		<u><u>65</u></u>	<u><u>33</u></u>

The above results were derived from continuing operations.

Simply Food (Property Investments)

(Registration number: 05502543)

Statement of Financial Position as at 30 March 2019

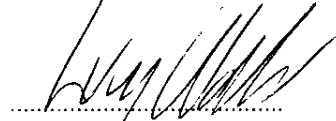
	Note	30 March 2019 £ 000	31 March 2018 £ 000
Assets			
Non-current assets			
Prepaid Leaschold Premiums	9	1,734	1,721
Current assets			
Trade and other receivables	12	<u>1,500</u>	<u>1,447</u>
Total assets		<u>3,234</u>	<u>3,168</u>
Equity and liabilities			
Equity			
Share capital	11	(10)	(10)
Share premium		(100)	(100)
Retained earnings		<u>(3,112)</u>	<u>(3,047)</u>
Total equity		(3,222)	(3,157)
Current liabilities			
Income tax liability		<u>(12)</u>	<u>(11)</u>
Total equity and liabilities		<u>(3,234)</u>	<u>(3,168)</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

Simply Food (Property Investments)

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

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 2 April 2017	10	100	3,014	3,124
Profit for the year	-	-	33	33
At 31 March 2018	10	100	3,047	3,157

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2018	10	100	3,047	3,157
Profit for the year	-	-	65	65
At 30 March 2019	10	100	3,112	3,222

Simply Food (Property Investments)

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 and revised standards effective during the year

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.

Simply Food (Property Investments)

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

New and revised standards not yet effective during the year

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. *Lease income from these operating leases is recognised on a straight-line basis over the lease term even if cash receipts are not in this basis.*

Cost of sales

Cost of sales represents amortisation of prepaid leasehold premiums.

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.

Prepaid leasehold premiums

Payments made to acquire leasehold land and buildings are included in prepayments at cost and are amortised over the life of the lease.

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 were settled using intercompany loans and current accounts and therefore no statement of cash flows is presented in these accounts.

Simply Food (Property Investments)

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

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 IFRSs 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.

Impairment of prepaid leasehold premium

Prepaid leasehold premiums 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 based on either value in use calculations prepared on the basis of management's assumptions and estimates or a red book valuation report for the related property that adheres to the Royal Institution of Chartered Surveyor's Valuation Professional Standards.

3 Revenue

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

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Rental income from a related party	59	59
Revenue is generated from operations within the United Kingdom.		

4 Operating profit

Arrived at after charging

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Amortisation expense	-	15
Amortisation adjustment	(13)	-

Amortisation has been adjusted following a review of the accumulated amortisation balances for the prepaid leasehold premium of the land. The adjustment made is to correct the prior years over amortisation, the Company do not deem the adjustment to be material and therefore in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, retrospective application has not been made

Simply Food (Property Investments)

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

5 Employee information

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

6 Directors emoluments

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

7 Finance income and costs

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Finance income		
Interest income	<u>5</u>	<u>-</u>

8 Income tax

Tax charged in the income statement

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Current taxation		
UK corporation tax	<u>12</u>	<u>11</u>

The tax on profit before tax for the year is lower than the standard rate of corporate tax in the UK of 19% (2018 - higher than the standard rate of corporate tax in the UK of 19%).

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Profit before tax	<u>77</u>	<u>44</u>
Corporation tax at standard rate	15	8
Increase/(decrease) from effect of expenses not deductible in determining taxable profit	<u>(3)</u>	<u>3</u>
Total tax charge	<u>12</u>	<u>11</u>

Simply Food (Property Investments)

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

9 Prepaid leasehold premiums

	Prepaid leasehold premiums £ 000
Cost or valuation	
At 2 April 2017	1,916
At 31 March 2018	1,916
Amortisation	
At 2 April 2017	180
Amortisation charge	15
At 31 March 2017	195
Carrying amount	
At 31 March 2018	1,721
At 1 April 2017	1,736
	Prepaid leasehold premiums £ 000
Cost or valuation	
At 1 April 2018	1,916
At 30 March 2019	1,916
Amortisation	
At 1 April 2018	195
Amortisation charge	(13)
At 30 March 2019	182
Carrying amount	
At 30 March 2019	1,734
At 1 April 2018	1,721

Simply Food (Property Investments)

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

10 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:

	52 weeks ended 30 March 2019 £ 000	52 weeks ended 31 March 2018 £ 000
Profit before tax	77	44
Interest receivable from another Group company	<u>(5)</u>	<u>-</u>
Operating profit	72	44
Amortisation	<u>(13)</u>	<u>15</u>
Funds generated from operations	59	59
Funds from operating activities		
Tax paid	<u>(11)</u>	<u>(12)</u>
Net funds generated from operating activities	48	47
Funds from financing activities		
Interest Receivable	<u>5</u>	<u>-</u>
Net inflow of funds from financing activities	<u>5</u>	<u>-</u>
Net movement in intercompany balances	<u><u>53</u></u>	<u><u>47</u></u>

11 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
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

Simply Food (Property Investments)

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

12 Related party transactions

Summary of transactions with parent entities

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

Income and receivables from related parties

	Other related parties £ 000
2019	
Rental income from related party	59
Interest income from a related party	5
Amounts receivable from related party	<u>18</u>
	Other related parties £ 000
2018	
Rental income from a related party	59
Amounts receivable from related party	<u>538</u>

Loans to related parties

	Other Related Party £ 000
2019	
At start of year	909
Tax paid by Parent	(12)
Repayment	538
Rental income	41
Reclassification from Current Account	<u>6</u>
At end of year	<u>1,482</u>
	Other Related Party £ 000
2018	
At start of year	1,123
Tax paid	(12)
Rental income	59
Repayment	<u>(261)</u>
At end of year	<u>909</u>

Terms of loans to related parties

As at 30 March 2019 the loan to other related party of £1,482,000 (last year £909,000) became interest bearing in September 2019 at LIBOR rate. The current accounts receivable of £18,000 (last year £538,000) are non interest bearing. A 2% increase/decrease in the interest rate of the loan from another Group undertaking would result in a loss/gain of £29,000 in the income statement, before tax.

Simply Food (Property Investments)

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

13 Parent and ultimate parent undertaking

The Company's immediate parent is Simply Food (Property Ventures) 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.

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.