

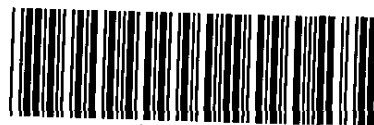
Registration number: 08540784

Marks and Spencer Hungary Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 28 March 2020

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Marks and Spencer Hungary Limited

Strategic Report for the Year Ended 28 March 2020

The directors present their strategic report for the year ended 28 March 2020

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. This company is a non-trading holding company for retail activities in Hungary. As a result of the decision to liquidate Marks and Spencer Hungary Limited's sole investment, the financial statements have been prepared on a basis other than that of a going concern for the year ended 28 March 2020.

Result for the year

The Company made no profit or loss for the year (last year loss of £173,829).

Principal risks and uncertainties and financial risk management

The Company's activities expose it to capital management risks.

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. However, the accounts have been prepared on a basis other than that of a going concern.

The directors do not believe the Company is exposed to significant cash flow risk, price risk, interest rate risk, liquidity risk, credit risk, fair value estimation 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.

Section 172 (1) statement

The directors of the Company consider that they have responsibly and appropriately discharged their duties under the Companies Act 2006 (the "Act"), including their duty to act in the way that they consider, in good faith, will be most likely to promote the success of the Company for the benefit of its members as a whole, having due regard in doing so for the matters set out in section 172 (1) (a) to (f) in the Act ("s.172").

The Company is part of the Marks and Spencer Group plc group of companies (the 'Group'). Consequently, the Board of Marks and Spencer Group plc (the 'Group Board') and its Committees have overarching decision making authority for the Group on a number of reserved matters. These include setting the Group's strategy and values, reviewing and approving operating plans, and reviewing and approving the Group's policies, processes and management structures, amongst others. Responsibility for actioning the Group Board's decisions and strategic direction throughout the day-to-day management of the Group then rests with the Group Board's executive directors and the M&S senior leadership team. The directors of the Company therefore ensure that they give due care and consideration to discharging their duties and having regard for the matters in s.172 by adopting and adhering to the Group's internal governance arrangements as outlined above.

Marks and Spencer Hungary Limited

Strategic Report for the Year Ended 28 March 2020

In particular, the directors of the Company have considered the likely consequences of decisions in the long term, and the need to maintain a reputation for high standards of business conduct by ensuring that the Group's strategy, policies and minimum standards are adopted and supported by the Company. The Company's principal activity was that of a financing vehicle on behalf of Marks and Spencer plc to enable the Group's retailing activities in Hungary, and therefore the directors consider the needs of the Group in its decision-making as its direct stakeholders. Furthermore, as the Company relies on the resources of the Group, including its employees, suppliers and other business relationships, the directors also consider the needs of these indirect stakeholders, and any consequent impacts on them, by adopting and supporting the Group Board's decisions where these stakeholders were directly considered.

Further information on how the Group Board had regard to the matters set out in s.172 can be found on pages 20 and 21 of the Group's Annual Report 2020 (available online at www.marksandspencer.com/thecompany).

Approved by the Board on 22 October 2020 and signed on its behalf by:



.....
Nick Folland
Director

Marks and Spencer Hungary 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:

Jurgen Kriebel

Nick Folland

Principal activity

The Company's principal activity is that of a financing vehicle on behalf of Marks and Spencer plc to enable Marks and Spencer plc to carry out its retailing activities in Hungary. 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.

On 8 November 2016, the Board of Marks and Spencer Group plc, the ultimate parent company of Marks and Spencer Hungary Limited, announced that following a review of its international operations, the Company would enter a period of consultation with its employees with regard to the future of the operations in Hungary. Subsequent to this, the decision was taken and agreed to close the operations within Hungary.

As a result of the decision to liquidate Hungary KFT, the Company's investment has been impaired in previous years (last year £173.829). No impairment has been recognised in the current year.

Based on the decision to liquidate the Company's sole investment, Marks and Spencer Hungary Limited has prepared its financial statements on that other than a going concern.

Marks and Spencer Hungary 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').

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.

Marks and Spencer Hungary Limited

Directors' Report for the Year Ended 28 March 2020

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 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 end 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.

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 (IFRSs) 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 (IFRSs) 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 Hungary Limited

Income Statement for the Year Ended 28 March 2020

		52 weeks ended 28 March 2020	52 weeks ended 30 March 2019
	Note	£	£
Impairment loss	3	-	(173,829)
Income tax receipt/(expense)	6	-	-
Result/(Loss) for the year		<u>-</u>	<u>(173,829)</u>

Marks and Spencer Hungary Limited
(Registration number: 08540784)
Statement of Financial Position as at 28 March 2020

	Note	28 March 2020 £	30 March 2019 £
Assets			
Non-current assets			
Investments in subsidiaries	7	54,930	54,930
Current assets			
Trade and other receivables		<u>1</u>	<u>1</u>
Total assets		<u>54,931</u>	<u>54,931</u>
Equity and liabilities			
Equity			
Share capital	8	(906,407)	(906,407)
Retained earnings		<u>851,476</u>	<u>851,476</u>
Total equity		<u>(54,931)</u>	<u>(54,931)</u>
Total equity and liabilities		<u>(54,931)</u>	<u>(54,931)</u>

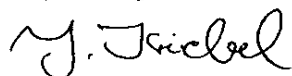
For the financial year ended 28 March 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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:



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Jurgen Kriebel
Director

Marks and Spencer Hungary Limited

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

	Share capital £	Retained earnings £	Total £
At 1 April 2018	743,647	(677,647)	66,000
Loss for the year	-	(173,829)	(173,829)
New share capital subscribed	162,760	-	162,760
At 30 March 2019	<u>906,407</u>	<u>(851,476)</u>	<u>54,931</u>

	Share capital £	Retained earnings £	Total £
At 31 March 2019	<u>906,407</u>	<u>(851,476)</u>	<u>54,931</u>
At 28 March 2020	<u>906,407</u>	<u>(851,476)</u>	<u>54,931</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Marks and Spencer Hungary 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.

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

The financial statements have been prepared on that other than a going concern as the directors have considered the business activities as set out on page 3.

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.

Marks and Spencer Hungary Limited

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

Investments

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The directors believe that the carrying value of the investments is currently supported by their underlying value.

Share capital

Ordinary shares are classified as equity.

Statement of cash flows

There were no cash movements for the Company therefore no statement of cash flows is presented in these accounts.

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. 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 investments in subsidiary undertakings

Investments in subsidiary undertaking are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on the fair value prepared on the basis of management's assumptions and estimates.

3 Operating profit

Arrived at after charging

	52 weeks ended 28 March 2020 £	52 weeks ended 30 March 2019 £
Impairment loss	-	173,829

4 Employee information

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

5 Directors emoluments

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

Marks and Spencer Hungary Limited

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

6 Income tax

Tax charged/(credited) in the income statement

52 weeks ended 28 March 2020 £	52 weeks ended 30 March 2019 £
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Tax expense in the income statement

<u>-</u>	<u>-</u>
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The tax for the period is the same as compared to the standard rate of corporate tax in the UK of 19% (2019 - lower as compared to the standard rate of corporate tax in the UK of 19%).

52 weeks ended 28 March 2020 £	52 weeks ended 30 March 2019 £
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Result/(Loss) before tax

<u>-</u>	<u>(173,829)</u>
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Corporation Tax at standard rate

<u>-</u>	<u>(33,028)</u>
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Expenses not deductible

<u>-</u>	<u>33,028</u>
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<u>-</u>	<u>-</u>
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Marks and Spencer Hungary Limited

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

7 Investments in subsidiary undertakings

Subsidiaries	£
Cost or valuation	
At 1 April 2018	65,999
Additions	162,760
Impairment	(173,829)
At 30 March 2019	<u>54,930</u>
At 31 March 2019	<u>54,930</u>
At 28 March 2020	<u>54,930</u>
Carrying amount	
At 1 April 2018	<u>65,999</u>
At 30 March 2019	<u>54,930</u>
At 28 March 2020	<u>54,930</u>

Details of the subsidiaries as at 28 March 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Marks and Spencer (Hungary) KFT Under Voluntary Liquidation	Non Trading	1103 Budapest Kőér utca 2/A C. ép Hungary	100%	100%

Subsequent to the year end Marks and Spencer (Hungary) KFT Under Voluntary Liquidation has since been liquidated. All remaining distributable assets were transferred to the Company.

8 Share capital

Allotted, called up and fully paid shares

	As at 28 March 2020		As at 30 March 2019	
	No.	£	No.	£
Issued and fully paid of £1 each	<u>906,407</u>	<u>906,407</u>	<u>906,407</u>	<u>906,407</u>

Marks and Spencer Hungary Limited

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

9 Parent and ultimate parent undertaking

The Company's immediate parent is Marks and Spencer International 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.

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