

Bhs Group Limited

**Directors' report and financial statements
for the year ended 31 August 2013**



Bhs Group Limited

Company Information

Directors	P Budge R Burchill M Geraghty Sir P Green
Company secretary	A Goldman
Company number	3858895
Registered office	Colegrave House 70 Berners Street London W1T 3NL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Benson House 33 Wellington Street Leeds LS1 4JP

Bhs Group Limited

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Bhs Group Limited

Directors' report for the year ended 31 August 2013

The directors present their report and the audited financial statements of the Company for the year ended 31 August 2013.

Principal activities

The principal activity of the Company is that of a holding company.

Going concern

In the opinion of the directors it is appropriate to prepare the financial statements on the going concern basis as Taveta Investments Limited (a parent company) has given the undertaking to provide the Company with continuing financial support for a period of at least twelve months from the date on which the financial statements were signed.

Business review

During the year, the Company was a wholly owned subsidiary of Taveta Investments Limited and a review of the group's businesses during the year, its future outlook and its position at 31 August 2013 is given on page 1 to the financial statements of that company.

Results and dividends

The loss for the financial year, amounted to £466,000 (2012: £483,000).

The directors do not recommend the payment of a dividend in respect of the year (2012: £nil) and hence the loss for the financial year of £466,000 (2012: loss £483,000) has been deducted from reserves.

Management and reporting of risks and Key Performance Indicators (KPIs)

The directors of Taveta Investments Limited manage the Company's risks and those of its fellow subsidiaries at a group level. Furthermore, they monitor the group's performance on a brand basis rather than at statutory company level.

For these reasons the Company's directors do not believe that a discussion of the principal risks facing the Company or of the KPIs used to analyse its performance is appropriate for an understanding of its development, performance or financial position.

The KPIs used by the group and the principal business risks it faces, are discussed on page 1 of Taveta Investments Limited's annual report which does not form part of this report.

Directors

The directors who served during the year and up to the date of signing of the financial statements were:

P Budge
R Burchill
M Geraghty
Sir P Green

Bhs Group Limited

Directors' report for the year ended 31 August 2013

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent company (Taveta Investments Limited) also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

Provision of information to auditors

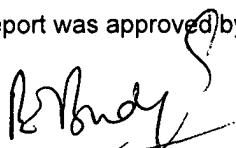
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Independent auditors

The Company has passed an elective resolution to dispense with the annual appointment of auditors. PricewaterhouseCoopers LLP will therefore continue as auditors in accordance with and subject to Section 487 of the Companies Act 2006.

This report was approved by the board on 12 May 2014 and signed on its behalf by



**P Budge
Director**

Bhs Group Limited

Independent auditors' report to the members of Bhs Group Limited

We have audited the financial statements of Bhs Group Limited for the year ended 31 August 2013, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Bhs Group Limited

Independent auditors' report to the members of Bhs Group Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Steve Denison (Senior statutory auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

16 May 2014

Bhs Group Limited

Profit and loss account for the year ended 31 August 2013

	Note	2013 £000	2012 £000
Interest payable and similar charges	3	(610)	(646)
Loss on ordinary activities before taxation	2	(610)	(646)
Tax on loss on ordinary activities	4	144	163
Loss for the financial year	10	(466)	(483)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

There is no difference between the results disclosed above and the results on an unmodified historical cost basis.

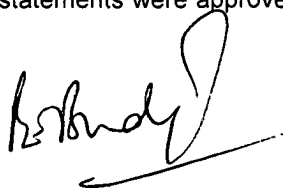
The notes on pages 7 to 11 form part of these financial statements.

Bhs Group Limited
Registered number: 3858895

Balance sheet
as at 31 August 2013

	Note	£000	2013 £000	2012 £000
Fixed assets				
Investments	5		82,668	82,668
Current assets				
Debtors	6	28,851		28,708
Cash at bank and in hand		1		-
		<u>28,852</u>		<u>28,708</u>
Creditors: amounts falling due within one year	7	<u>(87,824)</u>		<u>(87,130)</u>
Net current liabilities			<u>(58,972)</u>	<u>(58,422)</u>
Total assets less current liabilities			<u>23,696</u>	<u>24,246</u>
Creditors: amounts falling due after more than one year	8		<u>(19,916)</u>	<u>(20,000)</u>
Net assets			<u><u>3,780</u></u>	<u><u>4,246</u></u>
Capital and reserves				
Called up share capital	9		500	500
Share premium account	10		25	25
Profit and loss account	10		<u>3,255</u>	<u>3,721</u>
Total shareholders' funds	11		<u><u>3,780</u></u>	<u><u>4,246</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2014.



P Budge
Director

The notes on pages 7 to 11 form part of these financial statements.

Bhs Group Limited

Notes to the financial statements for the year ended 31 August 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, are set out below.

The Company is itself a wholly owned subsidiary undertaking of Taveta Investments Limited, which prepared consolidated financial statements and is exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

In the opinion of the directors it is appropriate to prepare the financial statements on the going concern basis as Taveta Investments Limited (a parent company) has given an undertaking to provide the Company with continuing financial support for a period of at least twelve months from the date on which the financial statements were signed.

1.3 Cash flow

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised) from preparing a cash flow statement, as the Company's cash flows are included within the consolidated cash flow statement of Taveta Investments Limited.

1.4 Investments

Fixed asset investments are shown at cost less amounts written off. Provision is made where, in the opinion of the directors, there has been an impairment in the carrying value of the investment.

1.5 Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The issue costs are amortised over the life of the related debt instrument. Where the terms of the debt instrument are re-negotiated, or otherwise significantly amended, the issued costs are written off.

1.6 Taxation

The taxation credit is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date, with the following exception:

Deferred tax assets are recognised only to the extent that the directors' consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date

Bhs Group Limited

Notes to the financial statements for the year ended 31 August 2013

2. Loss on ordinary activities before taxation

Auditors remuneration and directors' emoluments have been borne by Arcadia Group Limited, a fellow group undertaking.

The Company had no employees during the year ended 31 August 2013 (2012: none).

3. Interest payable and similar charges

	2013 £000	2012 £000
On bank loans and overdrafts	568	646
On amortisation of bank loan issue costs	42	-
	<u>610</u>	<u>646</u>

4. Tax on loss on ordinary activities

	2013 £000	2012 £000
UK corporation tax credit on loss for the year	(144)	(163)

Factors affecting tax credit for the year

There were no factors that affected the tax credit for the year which has been calculated on the loss on ordinary activities before taxation at the standard rate of corporation tax in the UK of 23.6% (2012: 25.2%).

Factors that may affect future tax charges

On 2 July 2013 changes to the main rate of UK corporation tax were substantively enacted as part of the Finance Act 2013. These changes will reduce the main rate from 23% to 21% from 1 April 2014, and to 20% from 1 April 2015.

Bhs Group Limited

Notes to the financial statements for the year ended 31 August 2013

5. Fixed asset investments

Shares in
group
undertakings
£000

Cost and net book value

At 26 August 2012 and 31 August 2013

82,668

At 31 August 2013, the Company owned the whole of the issued ordinary share capital of the group undertakings listed below:

Company	Country of operation	Country of registration	Activity
Bhs Limited	United Kingdom	England	Fashion retailing
Bhs (Jersey) Limited*	Jersey	Jersey	Fashion retailing
Epoch Properties Limited*	Jersey	Jersey	Property investment
Bhs Properties Limited	United Kingdom	England	Property investment
Davenbush Limited	United Kingdom	England	Property investment
Lowland Homes Limited*	United Kingdom	England	Property investment
Bhs Services Limited*	United Kingdom	England	Dormant

* denotes indirect subsidiary

In the opinion of the directors the aggregate value of the Company's investments in its group undertakings is not less than the amount at which they are stated.

6. Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	28,851	28,708

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

7. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft	16	4
Unamortised bank fees	(127)	-
Amounts owed to group undertakings	87,935	87,126
	87,824	87,130

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The bank loan above relates to bank fees on the £20m Jersey property mortgage that are due to be amortised within one year.

Bhs Group Limited

Notes to the financial statements for the year ended 31 August 2013

8. Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Bank loan repayable between one and two years	19,916	20,000

The bank loan above is stated net of unamortised issue costs which are amortised over two years.

9. Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
2,000,000 (2012: 2,000,000) ordinary shares of £0.25 each	500	500

10. Reserves

	Share premium account £000	Profit and loss account £000
At 26 August 2012	25	3,721
Loss for the financial year	-	(466)
At 31 August 2013	25	3,255

11. Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	4,246	4,729
Loss for the financial year	(466)	(483)
Closing shareholders' funds	3,780	4,246

12. Related party transactions

The Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Taveta Investments Limited group or investees of Taveta Investments Limited.

Bhs Group Limited

Notes to the financial statements for the year ended 31 August 2013

13. Ultimate parent undertaking and controlling party

The Company's ultimate parent company is Taveta Investments Limited ('Taveta'), a company incorporated in England. Taveta is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Taveta's consolidated financial statements can be obtained by writing to the Secretary at Colegrave House, 70 Berners Street, London, W1T 3NL.

The Company's ultimate controlling party is Lady Cristina Green and her immediate family.