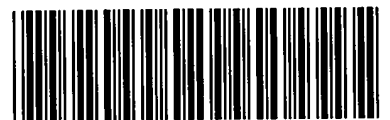


Registered number: 4250825

Wallis Retail Limited

**Annual report and financial statements
for the year ended 29 August 2015**

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Wallis Retail Limited

Company Information

Directors	RL Burchill R de Dombal GA Hague M Gammon (appointed 1 December 2014) S Wightman
Company secretary	R Flaherty
Registered number	4250825
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

Wallis Retail Limited

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Wallis Retail Limited

Strategic report for the year ended 29 August 2015

Introduction

The directors present their Annual report and the audited financial statements of the Company for the year ended 29 August 2015.

Results for the year

The profit for the financial year amounted to £5,625,000 (2014: £11,112,000).

During the year, the Company incurred an exceptional credit of £1,015,000 (2014: £3,911,000). This related to the movement on a provision against the future leasing obligations of the Company's loss-making stores.

Principal Activities

The principal activity of the Company is the operation of retail clothing stores under the Wallis brand name.

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 29 August 2015 is given on page 1 to the financial statements of that company.

Management of and reporting of 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 a statutory company level.

For these reasons the Company's directors do not believe that a discussion of the principal risks facing the Company or 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.

This report was approved by the board on 27 May 2016 and signed on its behalf.



S Wightman
Director

Wallis Retail Limited

Directors' report for the year ended 29 August 2015

The directors present their report and the audited financial statements for the year ended 29 August 2015.

Matters covered in the strategic report

The principal activities and the business review are both discussed in the strategic report on page 1.

Directors

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

RL Burchill
R de Dombal
GA Hague
S Wightman
M Gammon (appointed 1 December 2014)
MJM Geraghty (resigned 19 November 2014)

Dividends

The directors do not recommend the payment of a dividend in respect of the year (2014: £nil) and hence the profit for the financial year of £5,625,000 (2014: £11,112,000) has been transferred to reserves.

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.

Employment policies

Staff are consulted on a regular basis so that their views can be taken into account in making decisions that are likely to affect their interests as employees. They are also made aware of the financial and economic factors that affect the performance of the Company via a number of communication channels including face-to-face briefings, an intranet site supplemented by e-mail announcements and a staff magazine.

The board recognises the importance of a highly motivated and well trained workforce. It encourages employees' involvement in the Group's performance through their participation in a variety of incentive bonus schemes linked to the achievement of operational or financial targets in the part of the business for which they work, and it invests in training programmes aimed at achieving the highest standards of personal development and customer service.

The Group is an equal opportunities employer, recruiting and promoting employees on the basis of suitability for the job and on no other grounds. Proper consideration is given to employment applications from disabled persons whose aptitude and skills can be utilised within the business and to their training and career progression. Wherever possible, this includes the retraining and retention of staff that become disabled during their employment.

Wallis Retail Limited

Directors' report for the year ended 29 August 2015

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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.

Disclosure 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 relevant audit information 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 27 May 2016 and signed on its behalf.



S Wightman
Director

Wallis Retail Limited

Independent auditors' report to the members of Wallis Retail Limited

Report on the financial statements

Our opinion

In our opinion, Wallis Retail Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 29 August 2015 and of its profit 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 29 August 2015;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Wallis Retail Limited

Independent auditors' report to the members of Wallis Retail Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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) ("ISAs (UK & 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 parent 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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

27 May 2016

Wallis Retail Limited

Profit and loss account for the year ended 29 August 2015

	Note	2015 £000	2014 £000
Turnover	2	161,311	171,216
Cost of sales		(142,061)	(147,674)
Exceptional cost of sales	6	1,015	3,911
Total cost of sales		(141,046)	(143,763)
Gross profit		20,265	27,453
Administrative expenses		(11,136)	(11,345)
Operating profit	3	9,129	16,108
Interest payable and similar charges	5	(1,008)	(734)
Profit on ordinary activities before taxation		8,121	15,374
Tax on profit on ordinary activities	7	(2,496)	(4,262)
Profit for the financial year	17	5,625	11,112

All amounts relate to continuing operations.

There were no recognised gains and losses for the financial years stated above other than those included in the profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

The notes on pages 8 to 19 form part of these financial statements.

Wallis Retail Limited
Registered number: 4250825

Balance sheet
as at 29 August 2015

	Note	£000	2015 £000	£000	2014 £000
Fixed assets					
Intangible assets	8		22,151		25,843
Tangible assets	9		3,145		3,135
Investments	10		12,822		12,822
			<u>38,118</u>		<u>41,800</u>
Current assets					
Stocks	11	10,117		10,573	
Debtors	12	128,028		121,668	
Cash at bank and in hand		158		161	
		<u>138,303</u>		<u>132,402</u>	
Creditors: amounts falling due within one year	13	(22,669)		(22,031)	
Net current assets			<u>115,634</u>		<u>110,371</u>
Total assets less current liabilities			<u>153,752</u>		<u>152,171</u>
Provisions for liabilities					
Other provisions	15		(8,440)		(12,484)
Net assets			<u>145,312</u>		<u>139,687</u>
Capital and reserves					
Called up share capital	16		7		7
Share premium account	17		87,760		87,760
Profit and loss account	17		57,545		51,920
Total shareholders' funds	18		<u>145,312</u>		<u>139,687</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2016.



S Wightman
Director

The notes on pages 8 to 19 form part of these financial statements.

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been 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 subsidiary company and is exempt from the requirement to prepare group 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 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.

1.3 Turnover

Turnover comprises the value of sales of all merchandise to third parties, including concession income, and excludes value added tax. Sales to franchisees and internet customers are recognised on despatch of the goods, and in the case of internet business includes charges levied on customers for postage and packaging.

Commissions and related income from the operation of the Company's store card business are recognised in the same period as the underlying sales transaction.

1.4 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

1.5 Tangible assets and depreciation

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fit out, fixtures and equipment - 3 to 15 years

1.6 Investments

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

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

1. Accounting policies (continued)

1.7 Taxation

Corporation tax payable is provided on taxable profits at the rate prevailing during the year.

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying tax differences can be deducted. Deferred tax assets and liabilities are not discounted.

1.8 Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, except where incentives to sign the leases have been received. Such incentives are spread on a straight-line basis over the lease term, or if shorter, the period to the next open market rent review date.

Where the Company has leasehold stores that are loss-making, and projections indicate that their future cash flows will be insufficient to meet the related property costs, provision is made for the expected net cash outflows. These cash flows are discounted using a rate of return of 8%.

1.9 Pension costs

The Company's employees participate in two defined benefit schemes operated by the group to which the Company contributes in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. Although these pension schemes are defined benefit in nature the Company accounts for its contributions as though they were defined contribution schemes as the Company is unable to identify its share of the underlying assets and liabilities of the schemes.

The above schemes are now closed and eligible employees are offered the opportunity to join the group's defined contribution scheme. For this scheme, the amounts charged to the profit and loss account are the contributions payable during the period.

1.10 Stock valuation

Stocks are stated at the lower of cost and net realisable value and represent goods for resale. Cost represents actual purchase price and includes the direct costs of warehousing and transportation to the stores and is calculated on an average basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

1.11 Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities recorded in foreign currencies are translated either at the rates ruling at the balance sheet date or the rates fixed by forward contracts. Exchange differences are dealt with in the profit and loss account.

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

1. Accounting policies (continued)

1.12 Provisions

In accordance with FRS 12, 'Provisions, Contingencies and Commitments,' the Company provides in full for liabilities when it has a legal or constructive obligation arising from a past event.

1.13 Debtors

Trade debtors are recognised and measured at their original invoiced amount less any provision for any uncollectible amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the profit and loss account when they are identified.

1.14 Finance costs

Costs associated with the issue of bank and other borrowings are deferred and are charged to the profit and loss account over the term of the respective loan at a constant rate to the loan's carrying value.

2. Turnover

Turnover is wholly attributable to the company's principal activities.

A geographical analysis of turnover is as follows:

	2015	2014
	£000	£000
United Kingdom	151,311	160,267
Rest of world	10,000	10,949
	161,311	171,216

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

3. Operating profit

The operating profit is stated after charging:

	2015 £000	2014 £000
Amortisation of goodwill	3,692	3,692
Depreciation of tangible assets:		
- owned by the company	1,544	2,000
Agency costs	538	544
Operating lease rentals - other	11,510	12,827
Management charge from Arcadia Group Limited	11,136	11,345
	<u>11,136</u>	<u>11,345</u>

Agency costs represent fees paid to a fellow subsidiary of Taveta Investments Limited for the use of the trade name used by the Company.

Arcadia Group Limited, a fellow group undertaking, incurs distribution costs and administrative expenses (including auditors' remuneration) on behalf of the Company.

4. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	20,578	21,370
Social security costs	1,314	1,320
Other pension costs	421	493
	<u>22,313</u>	<u>23,183</u>

The monthly average number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Retailing activities	2,037	2,235

The monthly average number of full-time equivalent employees was 795 (2014: 904).

During the year no employees had service contracts with the Company. These were held by Arcadia Group Limited and one of its subsidiaries. Employment costs are recharged to the Company in full.

None of the directors received any remuneration in respect of his or her services to the Company during the year (2014: £nil).

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

5. Interest payable and similar charges

	2015 £000	2014 £000
Discount unwind on the onerous lease provision	997	734
Other interest payable	11	-
	<u>1,008</u>	<u>734</u>

6. Exceptional cost of sales

	2015 £000	2014 £000
Provision for onerous leases on loss-making stores	<u>1,015</u>	<u>3,911</u>

In light of the difficult trading environment being experienced by the Company, the directors have reviewed those leasehold stores currently making a loss to assess whether their future operating cash flows are projected to meet their rental and other property cost obligations. Where appropriate, the projected shortfall between the operating cash flows and the property costs for the period of the lease or, if earlier, the date of disposal, has been provided for. The figure above reflects an increase in the provision which was recognised in prior years of £1,012,000 and also a provision for new loss-making stores of £3,000. The resultant provision has been discounted to net present value.

The tax credit arising on the exceptional items above is £209,000 (2014: £868,000).

7. Tax on profit on ordinary activities

	2015 £000	2014 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,514	4,432
Deferred tax		
Origination and reversal of timing differences	(24)	(167)
Adjustment in respect of previous periods	5	(19)
Effect of changes in tax rates	1	16
Total deferred tax (see note 14)	<u>(18)</u>	<u>(170)</u>
Tax on profit on ordinary activities	<u>2,496</u>	<u>4,262</u>

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

7. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.6% (2014 - 22.2%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before taxation	<u>8,121</u>	<u>15,374</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.6% (2014 - 22.2%)	1,673	3,413
Effects of:		
Expenses not deductible for tax purposes	817	852
Depreciation in excess of capital allowances	24	167
Current tax charge for the year (see note above)	<u>2,514</u>	<u>4,432</u>

Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £88,000 and increase the tax expense for the period by £88,000.

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

8. Intangible assets

	Goodwill £000
Cost	
At 31 August 2014 and 29 August 2015	73,838
Accumulated amortisation	
At 31 August 2014	47,995
Charge for the year	3,692
At 29 August 2015	51,687
Net book value	
At 29 August 2015	22,151
At 30 August 2014	25,843

Goodwill is being amortised on a straight-line basis over 20 years, being the directors' estimate of the period during which the value of the underlying business is expected to exceed the value of the underlying assets.

9. Tangible assets

	Fit out, fixtures and equipment £000
Cost	
At 31 August 2014	17,456
Additions	1,582
Disposals	(779)
Transfer intra group	(28)
At 29 August 2015	18,231
Accumulated depreciation	
At 31 August 2014	14,321
Charge for the year	1,544
Disposals	(779)
At 29 August 2015	15,086
Net book value	
At 29 August 2015	3,145
At 30 August 2014	3,135

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

10. Investments

	Shares in group undertakings £000
Cost	
At 31 August 2014 and 29 August 2015	<u>12,822</u>
Net book value	
At 29 August 2015	<u>12,822</u>
At 30 August 2014	<u>12,822</u>

At 29 August 2015, 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
Wallis Retail (Ireland) Limited	Ireland	Ireland	Fashion retailing
Wallis Retail Properties Limited	United Kingdom	England	Property investment

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.

11. Stocks

	2015 £000	2014 £000
Goods for resale	<u>10,117</u>	<u>10,573</u>

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

12. Debtors

	2015 £000	2014 £000
Trade debtors	3,965	4,708
Amounts owed by group undertakings	123,167	115,969
Other debtors	55	17
Deferred tax asset (see note 14)	589	571
Prepayments and accrued income	252	403
	<u>128,028</u>	<u>121,668</u>

The deferred tax asset above arises as a result of accelerated capital allowances and is measured on a non-discounted basis at the rates that are expected to apply when the timing differences reverse. There are no unprovided deferred tax assets or liabilities.

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

13. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	13,029	13,583
Taxation and social security	4,184	4,028
Other creditors	2,211	1,449
Accruals and deferred income	3,245	2,971
	<u>22,669</u>	<u>22,031</u>

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

14. Deferred tax asset

	2015 £000	2014 £000
At 31 August 2014	571	401
Movements during year	18	170
	<u>589</u>	<u>571</u>
At 29 August 2015		

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	589	571

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

15. Other provisions

	Onerous leases £000
At 31 August 2014	12,484
Profit and loss account	(1,015)
Utilised during the year	(4,026)
Discount unwind	997
At 29 August 2015	8,440

Onerous leases

The element of the onerous lease provision relating to loss-making stores is £9,789,000 (2014: £13,781,000) and is discounted at a rate of return of 8%. A decrease in the discount rate of 1% would result in an increase in the provision of £362,000 (2014: £497,000).

16. Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
4,958 (2014: 4,958) ordinary shares of £1 each	4,958	4,958
1,742 (2014: 1,742) cumulative participating preference shares of £1 each	1,742	1,742
	6,700	6,700

The holders of the cumulative participating preference shares are entitled to an initial dividend at the annual rate of LIBOR plus 1.75 per cent and, in the event that the Company's profits for the year exceed £50,000,000, a further dividend of 0.01%. Dividends payable to the cumulative participating preference shareholders take priority over those payable on the ordinary shares. The preference shares also confer on their holders priority to a return of capital in the event of a winding up and rank pari passu with the ordinary shares with regards the right to attend and vote at general meetings.

Non-equity interests in the Company represent the paid up amount on the cumulative participating preference shares, together with any accrued dividends.

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

17. Reserves

	Share premium account £000	Profit and loss account £000
At 31 August 2014	87,760	51,920
Profit for the financial year	-	5,625
At 29 August 2015	<u>87,760</u>	<u>57,545</u>

18. Reconciliation of movement in shareholders' funds

	2015 £000	2014 £000
Opening shareholders' funds	139,687	128,575
Profit for the financial year	5,625	11,112
Closing shareholders' funds	<u>145,312</u>	<u>139,687</u>

19. Pension commitments

The Company's eligible employees participate in two defined benefit schemes operated by Arcadia Group Limited to which the Company contributes in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. These schemes are financed through separate trustee administered funds. Contributions to the schemes are based on actuarial advice following the most recent valuations of the funds.

Although these pension schemes are defined benefit in nature the Company accounts for its contributions as though they were defined contribution schemes as the Company is unable to identify its share of the underlying assets and liabilities of the schemes.

During the year, the Company contributed £nil (2014: £nil) to the above schemes.

An actuarial valuation of the defined benefit schemes referred to above, and carried out as at 29 August 2015 for the purposes of FRS 17, identified that the present value of their liabilities exceeded the market value of the schemes' assets by £189,331,000 (2014: £123,838,000). The detailed disclosures required by FRS 17 are provided for the Group as a whole in the consolidated financial statements of the Company's ultimate parent undertaking, Taveta Investments Limited.

The defined benefit schemes above closed to future accrual during the prior year and eligible employees were offered the opportunity to join the Group's defined contribution scheme, to which the Company contributed £421,000 (2014: £493,000).

Wallis Retail Limited

Notes to the financial statements for the year ended 29 August 2015

20. Contingent liabilities

The Company, along with certain other subsidiary undertakings, has provided cross guarantees in respect of its parent undertakings' bank borrowings. These borrowings are secured by way of a fixed charge over certain of the companies' freehold properties and by legal charge over their other assets and undertaking.

At the year end the amount outstanding under these guarantees totalled £nil (2014: £7,100,000). The directors do not expect a loss to arise as a result of providing these guarantees.

21. 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.

22. Ultimate parent undertaking and controlling party

The Company's ultimate parent company is Taveta Investments Limited ('Taveta'), a company incorporated in England. The largest group to consolidate these financial statements is Taveta Investments Limited. The smallest group is Arcadia Group Limited. Copies of both Arcadia Group Limited and Taveta 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.