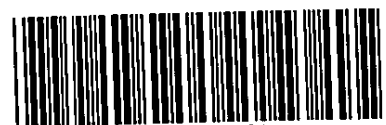


Taveta Investments (No. 2) Limited  
Annual report for the year ended  
30 August 2008

Registered Number 5137091

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# Taveta Investments (No. 2) Limited

## Annual report for the year ended 30 August 2008

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# **Taveta Investments (No. 2) Limited**

## **Directors and advisers**

### **Directors**

Ian Allkins  
Paul Budge  
Paul Coackley  
Sir Philip Green

### **Secretary**

Adam Goldman

### **Independent auditors**

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

### **Registered office**

Marylebone House  
129-137 Marylebone Road  
London  
NW1 5QD

### **Registered number**

5137091

# **Taveta Investments (No. 2) Limited**

## **Directors' report for the year ended 30 August 2008**

The directors present their report together with the audited financial statements of the Company for the year ended 30 August 2008.

### **Principal activity, results and dividends**

The Company acts as an intermediate holding company.

The profit and loss account is set out on page 4. During the year, the Company formed part of Taveta Investments Limited and a review of the group's businesses during the year and its position at 30 August 2008 is given on page 1 to the financial statements of that company.

The directors do not recommend the payment of a dividend in respect of the year (2007: £nil) and, accordingly, the loss sustained has been deducted from reserves.

### **Directors**

The directors of the Company during the year were:

Ian Allkins  
Paul Budge  
Paul Coackley  
Sir Philip Green

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 August 2008 and that applicable accounting standards have been followed.

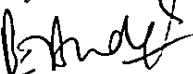
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself 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 386 of the Companies Act 1985.

### **By order of the Board**



Paul Budge  
Director  
2 February 2009

# **Taveta Investments (No. 2) Limited**

## **Independent auditors' report to the members of Taveta Investments (No. 2) Limited**

We have audited the financial statements of Taveta Investments (No. 2) Limited for the year ended 30 August 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 August 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Leeds

2 February 2009

## **Taveta Investments (No. 2) Limited**

### **Profit and loss account for the year ended 30 August 2008**

	Note	2008 £'000	2007 £'000
Net interest payable and similar charges	3	(90,677)	(84,019)
<b>Loss before taxation</b>	2	<b>(90,677)</b>	<b>(84,019)</b>
Taxation credit	4	66,360	11,896
<b>Sustained loss for the year</b>	10	<b>(24,317)</b>	<b>(72,123)</b>

All of the results above relate to continuing activities.

The only recognised gains and losses for the year are those dealt with in the profit and loss account above.

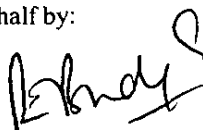
There is no difference between the results shown in the profit and loss account and the results on an unmodified historical cost basis.

# Taveta Investments (No. 2) Limited

## Balance sheet as at 30 August 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investment	5	2,300,000	2,300,000
<b>Current assets</b>			
Debtors - amounts falling due within one year	6	176,246	117,742
Creditors - amounts falling due within one year	7	(74,902)	(114,873)
<b>Net current assets</b>		<b>101,344</b>	<b>2,869</b>
<b>Total assets less current liabilities</b>		<b>2,401,344</b>	<b>2,302,869</b>
Creditors - amounts falling due after more than one year	8	(1,394,636)	(1,271,844)
<b>Net assets</b>		<b>1,006,708</b>	<b>1,031,025</b>
<b>Capital and reserves</b>			
Share capital	9	10,000	10,000
Profit and loss account	10	996,708	1,021,025
<b>Equity shareholders' funds</b>	<b>10</b>	<b>1,006,708</b>	<b>1,031,025</b>

The financial statements on pages 4 to 10 were approved by the Board on 2 February 2009 and were signed on its behalf by:



**Paul Budge**  
Director

# Taveta Investments (No. 2) Limited

## Notes to the financial statements for the year ended 30 August 2008

### 1 Accounting policies

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Cash flow statement

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised) from preparing a cash flow statement, as one is included in the consolidated financial statements of its parent undertaking, Taveta Investments Limited.

#### Fixed asset investment

The Company's fixed asset investment is shown at cost less amounts written off. Provision is made, where in the opinion of the directors, there has been an impairment in the investment's carrying value.

#### Finance costs

The costs associated with obtaining the Company's present bank loan were initially deferred and are being charged to the profit and loss account over the life of the loan at a constant rate to the loan's carrying amount.

### 2 Loss before taxation

Auditors' remuneration has been borne by Arcadia Group Limited. None of the directors received any emoluments for his services to the Company (2007: £nil). During the year the Company had no employees.

### 3 Net interest payable and similar charges

	2008 £'000	2007 £'000
Interest receivable on:		
Loans to group undertakings	10,750	7,443
Bank deposits	15	1
Total interest receivable and similar income	10,765	7,444
Interest payable on loans from group undertakings	(51,492)	(35,677)
Interest payable on bank loans	(49,218)	(54,984)
Amortisation of bank loan issue costs	(732)	(802)
Total interest payable and similar charges	(101,442)	(91,463)
Net interest payable and similar charges	(90,677)	(84,019)



# Taveta Investments (No. 2) Limited

## Notes to the financial statements for the year ended 30 August 2008 (continued)

### 4 Taxation

	2008 £'000	2007 £'000
<b>a. Analysis of the tax credit for the year</b>		
Based on the loss for the year:		
UK corporation tax at 29.17% (2007: 30%):		
- Current year	26,450	9,396
- Prior years	39,910	2,500
<b>Total current tax (note 4b)</b>	<b>66,360</b>	<b>11,896</b>

The tax credit for the year is higher than the effective rate of corporation tax in the United Kingdom (29.17%). The differences are explained below:

	2008 £'000	2007 £'000
<b>b. Factors affecting the tax credit for the year</b>		
Loss before taxation	(90,677)	(84,019)
Loss before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 29.17% (2007: 30%)	26,450	25,206
Effects of:		
Expenses not deductible for tax purposes	-	(15,810)
Adjustment in respect of prior years	39,910	2,500
<b>Corporation tax credit for the year (note 4a)</b>	<b>66,360</b>	<b>11,896</b>

The Company has entered into a group payment arrangement whereby Arcadia Group Limited undertakes to make corporation tax payments on behalf of all companies within the Arcadia group. Accordingly, at the year end the Company's corporation tax debtor has been offset against amounts due to group undertakings (note 8).

The directors are not aware of any factors that may affect the Company's future tax charges.

## **Taveta Investments (No. 2) Limited**

### **Notes to the financial statements for the year ended 30 August 2008 (continued)**

#### **5 Fixed asset investment**

<b>Shares in subsidiary undertaking</b>	<b>£'000</b>
<b>At 1 September 2007 and 30 August 2008</b>	<b>2,300,000</b>

The above investment comprises the whole of the issued ordinary share capital of Arcadia Group Limited. Arcadia Group Limited is a property and investment holding company which operates in the United Kingdom and is registered in England and Wales.

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Taveta Investments Limited. In the opinion of the directors the aggregate value of the Company's investment is not less than the amount at which it is stated in the Company's balance sheet.

#### **6 Debtors**

	<b>2008</b>	<b>2007</b>
<b>Amounts falling due within one year</b>	<b>£'000</b>	<b>£'000</b>
Amounts due from group undertakings	<b>176,246</b>	<b>117,742</b>

#### **7 Creditors – amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan (note 8)	<b>74,339</b>	<b>74,269</b>
Corporation tax	<b>-</b>	<b>39,910</b>
Accruals	<b>563</b>	<b>694</b>
	<b>74,902</b>	<b>114,873</b>

# Taveta Investments (No. 2) Limited

## Notes to the financial statements for the year ended 30 August 2008 (continued)

### 8 Creditors – amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loan repayable:		
Between one and two years	74,410	74,339
Between two and five years	518,904	243,445
After five years - other than by instalments	-	349,868
Amounts due to group undertakings	801,322	604,192
	<b>1,394,636</b>	<b>1,271,844</b>

The bank loan repayable within and after one year is secured by way of a fixed charge over certain of the group's freehold properties and by legal charge over its other assets and undertaking.

The above repayment profile is stated net of unamortised issue costs of £2,347,000 (2007: £3,079,000).

### 9 Called up share capital

	2008 £'000	2007 £'000
<b>Authorised</b>		
10,000,100 Ordinary shares of £1 each	10,000	10,000
<b>Allotted and fully paid</b>		
10,000,001 Ordinary shares of £1 each	10,000	10,000

### 10 Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total 2008 £'000	Total 2007 £'000
Sustained loss for the year	-	(24,317)	(24,317)	(72,123)
Opening shareholders' funds	10,000	1,021,025	1,031,025	1,103,148
<b>Closing shareholders' funds</b>	<b>10,000</b>	<b>996,708</b>	<b>1,006,708</b>	<b>1,031,025</b>

## **Taveta Investments (No. 2) Limited**

### **Notes to the financial statements for the year ended 30 August 2008 (continued)**

#### **11 Contingent liabilities**

The Company, along with certain of its subsidiary undertakings, has provided cross guarantees in respect of Arcadia Group Limited's 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 guaranteed by the Company under these arrangements totalled £3,618,000 (2007: £4,425,000). The directors do not expect a loss to arise as a result of this guarantee.

#### **12 Parent undertaking, controlling party and related party disclosures**

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 Marylebone House, 129 – 137 Marylebone Road, London, NW1 5QD.

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 group or investees of Taveta.

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