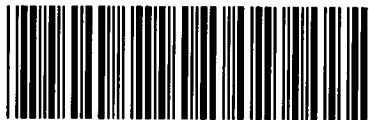


Taveta Investments (No. 2) Limited

Annual report and financial statements

for the year ended 27 August 2016

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Taveta Investments (No. 2) Limited

Company Information

Directors	Paul Budge Ian Grabiner Lord Grabiner QC Gillian Hague (appointed 25 September 2015)
Company secretary	Michelle Gammon
Registered number	5137091
Registered office	Colegrave House 70 Berners Street London W1T 3NL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL

Taveta Investments (No. 2) Limited

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Taveta Investments (No. 2) Limited

Strategic report for the year ended 27 August 2016

Introduction

The directors present their annual report and the audited financial statements of Taveta Investments (No.2) Limited ("the Company") for the year ended 27 August 2016.

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 27 August 2016 is given on pages 1 to 3 of the financial statements of that company.

Principal activities and future developments

The principal activity of the Company is that of an intermediate holding company. The Company will continue to trade on the same basis for the foreseeable future.

The Company has two forms of debt with third parties, property mortgages and subordinated loan notes. The subordinated loan notes of £80,000,000 (2015: £100,000,000) are listed on the Channel Island Stock Exchange (note 13).

Results for the year

The loss for the financial year amounted to £39,978,000 (2015: loss £242,666,000).

As at 27 August the Company had net assets of £525,491,000 (2015: £565,469,000).

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 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 pages 3 to 5 of Taveta Investments Limited's annual report which does not form part of this report.

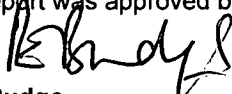
Financial risk management

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

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

The principal financial risks faced by the Group, and the strategy it employs to manage those risks, are discussed on page 4 of Taveta Investments Limited's annual report which does not form part of this report.

This report was approved by the board on 25 May 2017 and signed on its behalf by:


Paul Budge
Director

Taveta Investments (No. 2) Limited

Directors' report for the year ended 27 August 2016

The directors present their annual report and the audited financial statements of the Company for the year ended 27 August 2016.

Transition to FRS 102

This is the first year that the Company has presented its results under Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"). The impact of this transition is shown in note 16 of the financial statements.

Matters covered in the strategic report

The principal activities, business review, financial risk management, KPIs and future developments are discussed in the strategic report on page 1.

Dividends

The directors do not recommend the payment of a dividend in respect of the financial year (2015: £nil).

Directors

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

Paul Budge
Ian Grabiner
Lord Grabiner QC
Gillian Hague (appointed 25 September 2015)

Directors' responsibilities statement

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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. The directors 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.

Taveta Investments (No. 2) Limited

Directors' report for the year ended 27 August 2016

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 Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company's 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.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, 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.

Events since the end of the year

Since 25 March 2015, Taveta Investments Limited and its subsidiary companies ("the Group") have been in dialogue with The Pensions Regulator ("the Regulator") which has been using its powers under section 72 of the Pensions Act 2004 to gather information and documentation from the Group in connection with the Bhs Pension schemes and certain aspects of the Arcadia Group Pension schemes. On 2 November 2016 The Regulator issued a Warning Notice to Sir Philip Green, Taveta Investments Limited and Taveta Investments (No 2) Limited indicating that it intended to apply to use its powers to issue financial support directions and/ or Contribution Notices. On 28 February 2017 following payment by Sir Philip Green of a settlement amount for the benefit of the members of the Bhs Pension schemes, the Regulator has withdrawn its Warning Notice and has given clearance to Sir Philip Green, Taveta Investments Limited, Taveta Investments (No 2) Limited and a number of other entities within the Taveta Group and a number of individuals in relation to the Bhs Pension schemes and the Arcadia Group Pension schemes. The Group does not anticipate any future financial exposure in relation to the matters cleared by the Regulator.

Going concern

In the opinion of the directors it is appropriate to prepare the financial statements on the going concern basis as the Company has net assets of £525,491,000 (2015: £565,469,000).

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 25 May 2017 and signed on its behalf by:



Paul Budge
Director

Taveta Investments (No. 2) Limited

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

Report on the financial statements

Our opinion

In our opinion, Taveta Investments (No. 2) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 27 August 2016 and 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.

What we have audited

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

- the balance sheet as at 27 August 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law (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.

Other 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.

Taveta Investments (No. 2) Limited

Independent auditors' report to the members of Taveta Investments (No.2) 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 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) ("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 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

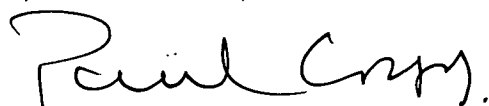
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



Paul Cragg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
Date: 25 May 2017

Taveta Investments (No. 2) Limited

**Profit and loss account
for the year ended 27 August 2016**

	Note	2016 £000	2015 £000
Disposal of investment		-	(201,447)
Interest receivable and similar income	6	12,167	11,260
Interest payable and similar charges	7	(62,139)	(63,161)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(49,972)	(253,348)
Tax on loss on ordinary activities	8	9,994	10,682
		<hr/>	<hr/>
Loss for the financial year		(39,978)	(242,666)
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no other comprehensive income transactions in 2016 or 2015 and therefore a statement of comprehensive income has not been presented.

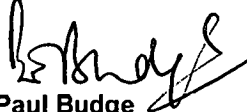
The notes on pages 9 to 19 form part of these financial statements.

Taveta Investments (No. 2) Limited
Registered number: 5137091

Balance sheet
as at 27 August 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	9	2,300,000	2,300,000
Current assets			
Debtors: amounts falling due within one year	10	211,491	216,725
Cash at bank and in hand		57	68
		<u>211,548</u>	<u>216,793</u>
Creditors: amounts falling due within one year	11	(27,271)	(28,220)
Net current assets		<u>184,277</u>	<u>188,573</u>
Total assets less current liabilities		<u>2,484,277</u>	<u>2,488,573</u>
Creditors: amounts falling due after more than one year	12	(1,958,786)	(1,923,104)
Net assets		<u><u>525,491</u></u>	<u><u>565,469</u></u>
Capital and reserves			
Called up share capital	14	10,000	10,000
Retained earnings		515,491	555,469
Total equity		<u><u>525,491</u></u>	<u><u>565,469</u></u>

The financial statements on pages 6 to 19 were approved and authorised for issue by the board and were signed on its behalf on 25 May 2017.


Paul Budge
 Director

The notes on pages 9 to 19 form part of these financial statements.

Taveta Investments (No. 2) Limited

**Statement of changes in equity
for the year ended 27 August 2016**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 30 August 2015	10,000	555,469	565,469
Loss for the financial year	-	(39,978)	(39,978)
At 27 August 2016	10,000	515,491	525,491

**Statement of changes in equity
for the year ended 29 August 2015**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 31 August 2014	10,000	798,135	808,135
Loss for the financial year	-	(242,666)	(242,666)
At 29 August 2015	10,000	555,469	565,469

The notes on pages 9 to 19 form part of these financial statements.

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

1. General information

Taveta Investments (No. 2) Limited is an intermediate holding company and is a wholly owned subsidiary of Taveta Investments Limited.

The Company is a private company limited by shares and is domiciled and incorporated in the United Kingdom. The address of its registered office is Colegrave House, 70 Berners Street, London, W1T 3NL.

2. Statement of compliance

The financial statements of Taveta Investments (No. 2) Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. This is the first year that the Company has presented its results under Financial Reporting Standard 102, "The Financial Report Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"). The impact of this transition is shown in note 16 of the financial statements.

3.1 Basis of preparation of financial statements

The financial statements have been prepared for the 52 weeks ended 27 August 2016 (2015: 52 weeks ended 29 August 2015).

The Company's functional and presentation currency is pound sterling.

These financial statements are prepared on a going concern basis and under the historic cost convention. In the opinion of the directors it is appropriate to prepare the financial statements on the going concern basis as the Company has net assets of £525,491,000 (2015: £565,469,000).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has taken advantage of section 400 of the Companies Act 2006 from preparing consolidated financial statements, as it is a wholly-owned subsidiary of Taveta Investments Limited, and is included in the consolidated financial statements of Taveta Investments Limited, which are publicly available.

3.2 Investments

The Company's 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 investments' carrying value.

**Notes to the financial statements
for the year ended 27 August 2016**

3. Accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied with, including notification of, and no objection to, the use of the exemptions by the Company's shareholders.

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(b) from preparing a statements of cash flows, on the basis that it is a qualifying entity and its parent company, Taveta Investments Limited, includes the Company's cash flows in its own consolidated financial statements.

The Company has taken advantage of the exemption from the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraph 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosure of Taveta Investments Limited.

3.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.5 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. The carrying value of bank borrowings and subordinated loan notes in the balance sheet are stated net of unamortised issue costs.

3.6 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

3.7 Taxation

Taxation income for the period comprises current tax recognised in the reporting period. Tax is recognised in the profit and loss account.

Current tax is the amount of income tax receivable in respect of the taxable loss for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.8 Related party transactions

The Company has taken advantage of the exemption under FRS 102 from disclosing related party transactions with entities that are part of the Taveta Investments Limited group.

The Company discloses transactions with related parties which are not wholly owned within the Taveta Investments Limited group.

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Fixed asset investments

The Company considers whether fixed asset investments are impaired. Where an indication of impairment is identified, an estimation of recoverable value is prepared for that investment. This requires estimation of the future cash flows from the investment and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of debtors. When assessing impairment of debtors, management considers factors including the current financial position of the debtor and historical experience.

5. Loss on ordinary activities before taxation

None of the directors received remuneration in respect of his or her services to the Company during the year (2015: £nil).

The company had no employees during the year (2015: none).

Auditors' remuneration has been borne by Arcadia Group Limited, a fellow group undertaking. There are no non-audit services provided by the auditor to the Company for the year (2015: none).

There was a £nil charge in the year for disposal of investments (2015: loss on disposal of investment in BHS Group Limited of £201,447,000).

6. Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from group companies	12,167	11,260

7. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	8,060	7,245
Other loan interest payable	6,622	8,244
On loans from group undertakings	46,165	46,159
Amortisation of debt issue costs	1,292	1,513
	62,139	63,161

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

8. Tax on loss on ordinary activities

	2016 £000	2015 £000
Current tax		
UK corporation tax credit on loss for the year	<u>(9,994)</u>	<u>(10,682)</u>

Factors affecting tax credit for the year

The tax assessed for the year is the same as (2015: higher than) the standard rate of corporation tax in the UK of 20.0% (2015: 20.6%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	<u>(49,972)</u>	<u>(253,348)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015: 20.6%)	(9,994)	(52,190)
Effects of:		
Expenses not deductible for tax purposes	-	41,508
Tax on loss on ordinary activities	<u><u>(9,994)</u></u>	<u><u>(10,682)</u></u>

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 Group. Accordingly, at the year end the Company's corporation tax debtor has been included within amounts owed to group undertakings (note 10).

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 change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

9. Investments

	Shares in group undertakings £000
Cost and net book value	
At 29 August 2015 and 27 August 2016	2,300,000

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the Company's subsidiary undertakings are provided in the table below. With the exception of Arcadia Group Limited and Hudson Accounting (No. 2) Limited, all of the companies listed are indirect subsidiaries of the Company.

With the exception of Gresse Street Limited (53%), Muse Retail Limited (50%), Parkwood Topshop Athletic Limited (37.5%) and the Top Shop/Top Man (Holdings) Limited Group (denoted *) (75%), the Taveta Investments Limited Group owns the whole of the issued share capital of the group undertakings listed below:

Name	Country of operation	Country of registration	Principal activity
Arcadia Group Limited	United Kingdom	England	Holding Company
Arcadia Group Brands Limited	United Kingdom	England	Holding Company
Arcadia Group Design & Development Limited	United Kingdom	England	Store design and fit-out
Arcadia Group Fashion Holdings Limited	United Kingdom	England	Holding company
Arcadia Group Holdings Limited	United Kingdom	England	Non-trading
Arcadia Group (Hong Kong) Limited	Hong Kong	Hong Kong	Fashion Procurement
Arcadia Group Pension Trust Limited	United Kingdom	England	Corporate Trustee
Arcadia Group Retail Limited	United Kingdom	England	Dormant
Arcadia Group (USA) Limited*	USA	England	Fashion retailing
Arcadia (401k) Trustee Limited	United Kingdom	England	Dormant
Arcadia Retail Group Limited	United Kingdom	England	Dormant
Arcadia Stancepower Holdings Limited	United Kingdom	England	Holding Company
AG Clothing Limited	United Kingdom	England	Brand management

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

9. Investments (continued)

Name	Country of operation	Country of registration	Principal activity
AG Clothing (Holdings) Limited	United Kingdom	England	Holding Company
AG Fashion Limited	United Kingdom	England	Dormant
AG Insurance Company Limited	Guernsey	Guernsey	Captive insurer
AG Retail Holdings (Ireland) Limited	Ireland	Ireland	Holding company
AG Senior Executives Pension Trustee Limited	United Kingdom	England	Corporate trustee
Arcadia Group Multiples (Ireland) Limited	Ireland	Ireland	Fashion retailing
BE Leasing Limited	United Kingdom	England	Dormant
Boothouse Limited	United Kingdom	England	Dormant
Burton/ Dorothy Perkins Properties Limited	United Kingdom	England	Property Investment
Burton Property Trust Limited	United Kingdom	England	Dormant
Burton Retail Limited	United Kingdom	England	Fashion retailing
Burton Trading Limited	United Kingdom	England	Fashion retailing
Caraway Group Limited	United Kingdom	England	Dormant
Castle Trustee Limited	United Kingdom	England	Corporate trustee
Collier Finance Limited	United Kingdom	England	Non-trading
Dorothy Perkins Limited	United Kingdom	England	Property investment
Dorothy Perkins Retail Limited	United Kingdom	England	Fashion retailing
Dorothy Perkins Trading Limited	United Kingdom	England	Fashion retailing
Evans Limited	United Kingdom	England	Fashion retailing
Evans Retail limited	United Kingdom	England	Fashion retailing
Evans Retail Properties Limited	United Kingdom	England	Property investment
GE Investors Jersey (No. 2) Limited	Jersey	Jersey	Dormant
Gresse Street Limited	United Kingdom	England	Property investment
Hudson Accounting (No. 1) Limited	United Kingdom	England	Dormant

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

9. Investments (continued)

Name	Country of operation	Country of registration	Principal activity
Hudson Accounting (No. 2) Limited	United Kingdom	England	Dormant
Matte Card Services Limited	United Kingdom	England	Dormant
Miss Selfridge Retail Limited	United Kingdom	England	Fashion retailing
Miss Selfridge Retail (Ireland) Limited	Ireland	Ireland	Fashion retailing
Miss Selfridge Properties Limited	United Kingdom	England	Property Investment
Montague Burton Employee Saving Trustee Limited	United Kingdom	England	Dormant
Montague Burton Properties Limited	United Kingdom	England	Dormant
Montague Burton Property Investments Limited	United Kingdom	England	Dormant
Muse Retail Limited	United Kingdom	England	Fashion retailing
Outfit Retail Limited	United Kingdom	England	Fashion retailing
Outfit Retail Properties Limited	United Kingdom	England	Property investment
Parkwood Topshop Athletic Limited	United Kingdom	England	Fashion retailing
Redcastle Limited	United Kingdom	England	Property investment
Redcastle (214 Oxford Street) Limited	United Kingdom	England	Property investment
Redcastle Finance Limited	United Kingdom	England	Holding company
Redcastle (Freeholds) Limited	United Kingdom	England	Property Investment
Redcastle (Holdings) Limited	United Kingdom	England	Holding company
Redcastle (Leaseholds) Limited	United Kingdom	England	Property investment
Redcastle Investments Limited	United Kingdom	England	Dormant
Redcastle Properties Limited	United Kingdom	England	Dormant
Redcastle Property Mortgage Limited	United Kingdom	England	Property investemnt
Redcastle (TS/TM) Limited	United Kingdom	England	Property investment
Richards Investment Limited	United Kingdom	England	Holding company

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

9. Investments (continued)

Name	Country of operation	Country of registration	Principal activity
Stancepower	United Kingdom	England	Dormant
SVML Limited	United Kingdom	England	Dormant
Tammy (Girlswear) Limited	United Kingdom	England	Dormant
Top Shop/Top Man Limited*	United Kingdom	England	Fashion retailing
Top Shop/Top Man (Holdings) Limited*	United Kingdom	England	Holding company
Top Shop/Top Man (Ireland) Limited*	Ireland	Ireland	Fashion retailing
Top Shop/Top Man Properties Limited*	United Kingdom	England	Property investment
Top Shop/Top Man (Trinity) Limited*	United Kingdom	England	Dormant
Top Shop/Top Man (Germany) Limited*	Germany	England	Dormant
Top Shop/Top Man Wholesale) Limited*	United Kingdom	England	Fashion wholesaling
Top Shop/Top Man (Netherlands) B.V.*	Netherlands	Netherlands	Property holding
Wallis (London) Limited	United Kingdom	England	Dormant
Wallis (London) GmbH	Germany	Germany	Non-trading
Wallis Retail Limited	United Kingdom	England	Fashion retailing
Wallis Retail (Ireland) Limited	Ireland	Ireland	Fashion retailing
Wallis Retail Properties Limited	United Kingdom	England	Property investment
Wilton Equity Limited	United Kingdom	British Virgin Islands	Property investment
Zoom.co.uk Limited	United Kingdom	England	E-commerce

Taveta Investments (No. 2) Limited

**Notes to the financial statements
for the year ended 27 August 2016**

10. Debtors

	2016	2015
	£000	£000
Amounts falling due within one year		
Amounts owed by group undertakings	211,491	216,725

Amounts owed by group undertakings are unsecured and are charged at an interest rate of 2.65% which is approximate to a market rate of interest.

11. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Subordinated loan notes (note 13)	26,622	28,244
Bank loans	(560)	(1,253)
Accruals and deferred income	1,209	1,229
	27,271	28,220

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

	2016	2015
	£000	£000
Subordinated loan notes (note 13)	60,000	80,000
Property mortgages (note 13)	308,976	308,486
Amounts owed to group undertakings	1,589,810	1,534,618
	1,958,786	1,923,104

The amounts owed to group undertakings are unsecured and charged at an interest rate of 2.65% which is approximate to a market rate of interest.

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

13. Loans

Analysis of the maturity of loans is given below:

	2016 £000	2015 £000
Amounts falling due within one year		
Bank loans	(560)	(1,253)
Subordinated loan notes	26,622	28,244
	<u>26,062</u>	<u>26,991</u>
Amounts falling due 1-2 years		
Property mortgages	(562)	(539)
Subordinated loan notes	20,000	20,000
	<u>19,438</u>	<u>19,461</u>
Amounts falling due 2-5 years		
Property mortgages	309,538	309,025
Subordinated loan notes	40,000	60,000
	<u>349,538</u>	<u>369,025</u>

Property mortgages

The Company's property mortgages are stated net of unamortised issue costs of £1,575,000 (2015: £2,751,000), which are amortised over the life of the loan. The amount included within 'Amounts falling due between one and two years' above relate to a proportion of these unamortised issue costs. The property mortgages are secured by a legal mortgage or fixed charge over certain of the Group's long leasehold and freehold assets.

Subordinated loan notes

The subordinated loan notes above are listed on the Channel Islands Stock Exchange, are unsecured and are redeemable in ten equal instalments. Interest on the loan notes accrues at the rate of 8% per annum, and is paid annually in arrears. The subordinated loan notes disclosure above is stated net of unamortised issue costs of £10,000 (2015: £16,000).

14. Called up share capital

	2016 £000	2015 £000
Allotted and fully paid		
10,000,001 (2015: 10,000,001) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Taveta Investments (No. 2) Limited

Notes to the financial statements for the year ended 27 August 2016

15. Post balance sheet events

Since 25 March 2015, Taveta Investments Limited and its subsidiary companies ("the Group") have been in dialogue with The Pensions Regulator ("the Regulator") which has been using its powers under section 72 of the Pensions Act 2004 to gather information and documentation from the Group in connection with the Bhs Pension schemes and certain aspects of the Arcadia Group Pension schemes. On 2 November 2016 The Regulator issued a Warning Notice to Sir Philip Green, Taveta Investments Limited and Taveta Investments (No 2) Limited indicating that it intended to apply to use its powers to issue financial support directions and/ or Contribution Notices. On 28 February 2017 following payment by Sir Philip Green of a settlement amount for the benefit of the members of the Bhs Pension schemes, the Regulator has withdrawn its Warning Notice and has given clearance to Sir Philip Green, Taveta Investments Limited, Taveta Investments (No 2) Limited and a number of other entities within the Taveta Group and a number of individuals in relation to the Bhs Pension schemes and the Arcadia Group Pension schemes. The Group does not anticipate any future financial exposure in relation to the matters cleared by the Regulator.

16. Ultimate parent undertaking and controlling party

The Company's immediate and 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.

17. First time adoption of FRS 102

There is no impact on equity or profit and loss on transition to FRS 102.

18. Contingent liabilities

The Company considers the potential obligations which may arise as a result of past events and the uncertainty of the impact on the Company. Where the Company identifies an obligation for which payment is probable and the amount can be reliably estimated, a provision is recognised. As at 27 August no contingent liabilities were identified that required a provision (2015: none).