

Registered Number: 07279467

Victoria's Secret UK Limited

Report and Financial Statements

For the 52 Weeks Ended 1 February 2014

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Victoria's Secret UK Limited

Corporate Information

Directors

Timothy James Faber
Todd Gregory Helvie
Luis Francisco Machado
Douglas Leonard Williams

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

16 Garrick Street
London
WC2E 9BA

Victoria's Secret UK Limited

Strategic Report

The directors present their Strategic Report and financial statements of Victoria's Secret UK Limited ("the Company") for the 52 weeks ended 1 February 2014. These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

Principal Activities and Review of Business

The Company is a specialty retailer of women's intimate and other apparel, beauty and personal care products and accessories under the Victoria's Secret retail brand. The Company's financial results for the 52 weeks ended 1 February 2014 are primarily related to store operations for the five stores operating in the United Kingdom ("UK"). The first two UK stores opened in summer 2012 and three additional stores were opened in August 2013.

Key Performance Indicators

The Company's key performance indicators during the period were as follows:

	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
	(£'000)	(£'000)
Revenue	54,684	19,584
Gross Profit	33,940	11,273
Operating Profit	2,290	1,309

The Company's revenue and gross profit increase are attributable to the three additional stores that commenced trading in August 2013.

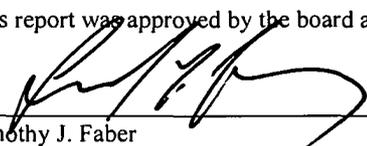
Principal Risks and Uncertainties

The Company's business is sensitive to a number of factors that influence the levels of consumer spending, including political and economic conditions such as recessionary environments, the levels of disposable consumer income, consumer debt, interest rates and consumer confidence. Declines in consumer spending could have a material adverse effect on the Company's operating results.

The principal risk that the Company faces is the ability to gauge the fashion tastes of its customers and to provide merchandise that satisfies customer demand in a timely manner. The Company must focus on its core business by creating the right product and store experience, retaining and developing the best talent and examining the organisational structure to ensure that it effectively supports the business and meets the customer needs. The Company seeks opportunities to maximise profitability and market share in the UK.

The Company has U.S. dollar denominated intercompany loans which expose the Company to market risk associated with foreign currency exchange rate fluctuations. To mitigate the exposure to fluctuations in the U.S.dollar-British pound exchange rate, the Company has entered into a series of month-to-month forward foreign currency contracts. Hedge accounting is not used.

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



Timothy J. Faber
Director
23 October 2014

Victoria's Secret UK Limited

Directors' Report

Registered Number: 07279467

The directors present their report and financial statements of Victoria's Secret UK Limited ("the Company") for the 52 weeks ended 1 February 2014. These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

Results and Dividends

The Company's profit for the year, after taxation, amounted to £958,000 (2012/13 – £934,000). No dividend was declared or paid in the period (2012/13 – nil).

Future Developments

The Company plans to expand retail operations in the United Kingdom ("UK"). In March 2014, two additional mall-based stores were opened at the Bluewater Shopping Centre. Additionally, a store was opened at Westfield London Shopping Centre in September 2014.

Financial Instruments

Details of financial instruments are provided in the Strategic Report on page 3.

Disabled Employees

The Company is committed to giving full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with meeting the requirements of the role or responsibilities therein. An equal opportunities disclosure form is maintained for every employee to allow workplace accommodations to be implemented if necessary. Equal opportunities are made available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position whether short term or long term and to provide appropriate training to achieve this aim. This policy is included in the Company's Associate Handbook that it distributed to every employee.

Employee Investment

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. Periodically throughout the year, the Company provides updated company performance information on the internal intranet site which all associates have access to and are encouraged to review. Additionally, the Company conducts an annual Associate Opinion Survey ("AOS") in which employees are encouraged to provide feedback on the business performance, their working environment and leaders. From these results, the Company creates, communicates and implements action plans addressing the feedback received from the AOS. The AOS is not made compulsory however the Company strives to achieve 100% employee participation. Finally, the Company holds regular meetings, named 'Connection Café', at least once a quarter between local management and employees to allow a free flow of information and ideas amongst each other.

Directors

Timothy James Faber
Todd Gregory Helvie
Luis Francisco Machado
Douglas Leonard Williams

Victoria's Secret UK Limited

Directors' Report (continued)

Going Concern

The directors have received assurances from its intermediate parent company, L (Overseas) Holdings LP, a wholly-owned subsidiary of L Brands, Inc., the ultimate parent company, that if the Company does not have sufficient funds to settle any liabilities as and when they fall due, then monies will be made available for a period of at least twelve months from the date of approval of these financial statements. The directors have ascertained that L (Overseas) Holdings LP has the ability to continue its financial support to the Company (either directly or through another L (Overseas) Holdings LP company). L (Overseas) Holdings LP is expected to continue to be profitable and has a strong net asset and cash position for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of Information to Auditors

Each of the Company's directors at the date of the approval of this report confirms:

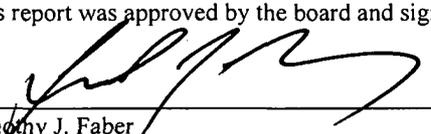
- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that ought to have been taken as directors in order to be aware of any information needed by the Company's auditors in connection with preparing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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

A resolution to reappoint Ernst & Young LLP as the auditors will be put to the members at the annual general meeting.

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



Timothy J. Faber
Director

23 October 2014

Victoria's Secret UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Company's financial statements in accordance with United Kingdom applicable law and regulations.

Company law requires the directors to prepare Company financial statements for each financial year. Under that law, the directors have elected to prepare the Company financial statements under International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

Company law states the directors must not approve the Company's 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 Company financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether the Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements.

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 Company 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.

Independent Auditor's Report to the Members of Victoria's Secret UK Limited

We have audited the financial statements of Victoria's Secret UK Limited for the 52 weeks ended 1 February 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

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 Strategic Report, Directors' Report and Financial Statements 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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 February 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of Victoria's Secret UK Limited (continued)

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.

Ernst & Young LLP

Christine Chua (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

24 October 2014

Victoria's Secret UK Limited

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STATEMENT OF COMPREHENSIVE INCOME For the 52 weeks ended 1 February 2014

	<u>Notes</u>	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
		(£'000)	(£'000)
Revenue		54,684	19,584
Cost of Sales		<u>(20,744)</u>	<u>(8,311)</u>
Gross Profit		33,940	11,273
Operating Expenses	3	<u>(31,650)</u>	<u>(9,964)</u>
Operating Profit		2,290	1,309
Finance Costs	5	(41)	0
Finance Income	5	29	0
Profit Before Tax		<u>2,278</u>	<u>1,309</u>
Income tax expense	6	<u>(1,320)</u>	<u>(375)</u>
Profit After Tax		<u>958</u>	<u>934</u>

All transactions are derived entirely from continuing operations.

The Notes on pages 13 to 23 form part of these financial statements.

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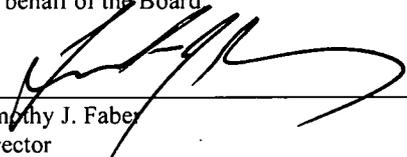
STATEMENT OF FINANCIAL POSITION

As at 1 February 2014

	Notes	1 February 2014 (£'000)	2 February 2013 (£'000)
Assets			
Non-current Assets:			
Property, Plant and Equipment	7	51,650	36,185
Intangible Assets	8	9,594	8,626
Long-term Deposits	9	<u>6,287</u>	<u>3,965</u>
		<u>67,531</u>	<u>48,776</u>
Current Assets:			
Inventories	10	4,492	4,026
Other Current Assets	11	7,918	7,207
Cash and Short-term Deposits		<u>6,656</u>	<u>14,103</u>
		<u>19,066</u>	<u>25,336</u>
Total Assets		<u>86,597</u>	<u>74,112</u>
Liabilities			
Current Liabilities	12	17,080	9,550
Non-current Liabilities	13	<u>9,783</u>	<u>5,786</u>
Total Liabilities		<u>26,863</u>	<u>15,336</u>
Equity			
Issued Capital	14	58,562	58,562
Retained Earnings		<u>1,172</u>	<u>214</u>
Total Equity		<u>59,734</u>	<u>58,776</u>
Total Equity and Liabilities		<u>86,597</u>	<u>74,112</u>

The Notes on pages 13 to 23 form part of these financial statements.

On behalf of the Board:



Timothy J. Faber
Director
23 October 2014

Victoria's Secret UK Limited

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STATEMENT OF CHANGES IN EQUITY For the 52 weeks ended 1 February 2014

	<u>Issued Capital</u> (£'000)	<u>Retained Earnings</u> (£'000)	<u>Total Equity</u> (£'000)
As of 28 January 2012	44,615	(720)	43,895
Contributed Capital	13,947	0	13,947
Profit for the Period	0	934	934
As of 2 February 2013	<u>58,562</u>	<u>214</u>	<u>58,776</u>
As of 2 February 2013	58,562	214	58,776
Profit for the Period	0	958	958
As of 1 February 2014	<u>58,562</u>	<u>1,172</u>	<u>59,734</u>

The Notes on pages 13 to 23 form part of these financial statements.

Victoria's Secret UK Limited

Registered Number: 07279467

STATEMENT OF CASH FLOWS For the 52 weeks ended 1 February 2014

	Notes	52 weeks ended 1 February 2014 (£'000)	53 weeks ended 2 February 2013 (£'000)
Operating Activities			
Profit before tax		2,278	1,309
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	7	5,161	1,485
Amortisation of intangible assets	8	295	246
Working capital adjustments:			
Increase in Inventories	10	(466)	(4,026)
(Increase) / Decrease in Other Current Assets	11	(711)	23,401
(Decrease) / Increase in Current Liabilities	12	(676)	5,661
Increase in Noncurrent Liabilities	13	2,172	642
Income tax paid	6	803	13
Net Cash flows from Operating Activities		<u>8,856</u>	<u>28,731</u>
Investing Activities			
Purchase of Property, Plant, and Equipment	7	(20,626)	(27,138)
Purchase of Intangible Assets	8	(1,263)	(850)
Increase in Long-term Deposits	9	(2,322)	(587)
Net Cash flows from Investing Activities		<u>(24,211)</u>	<u>(28,575)</u>
Financing Activities			
Proceeds from Issuance of Short-term Loan	12	6,083	0
Proceeds from Issuance of Long-term Loan	13	1,825	0
Proceeds from issue of share capital	14	0	13,947
Net Cash flows from Financing Activities		<u>7,908</u>	<u>13,947</u>
Net (Decrease) / Increase in Cash and Cash Equivalents		(7,447)	14,103
Cash and Cash Equivalents at Beginning of Period		<u>14,103</u>	<u>0</u>
Cash and Cash Equivalents at End of Period		<u><u>6,656</u></u>	<u><u>14,103</u></u>

The Notes on pages 13 to 23 form part of these financial statements.

Victoria's Secret UK Limited

Registered Number: 07279467

NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

1. Corporate Information

The financial statements of Victoria's Secret UK Limited ("the Company") for the 52 weeks ended 1 February 2014 were authorised for issue in accordance with the resolution of the directors. The Company is a limited company incorporated and domiciled in the United Kingdom ("UK").

The Company's financial results for the 52 weeks ended 1 February 2014 primarily relate to store operations for the five stores operating in the UK. The first two UK stores opened in summer 2012 and three additional stores were opened in August 2013. The Company is a specialty retailer of women's intimate and other apparel, beauty and personal care products and accessories under the Victoria's Secret retail brand.

2. Accounting Policies

Fiscal Year

The Company's fiscal year ends on the Saturday nearest to 31 January. As used herein, "2013" refers to the 52 weeks ended 1 February 2014 and "2012" refers to the 53 weeks ended 2 February 2013.

Basis of Preparation

The Company's financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union as they apply to the financial statements of the Company for the 52 weeks ended 1 February 2014.

The Company's financial statements are presented in British pounds and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. The British pound is regarded as the Company's functional currency.

Significant Accounting Judgments and Estimates

Intangible Assets

Intangible assets, which represent key money payments, are stated at cost net of amortisation and any provisions for impairment. Amortisation is provided on key money payments to write off the cost, less the estimated residual value, evenly over the life of the lease.

Key money is reviewed for impairment annually. If events or changes in circumstances indicate that the carrying value may not be recoverable and this is written down immediately to its recoverable amount.

Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value, being a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

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NOTES TO THE FINANCIAL STATEMENTS As of 1 February 2014

2. Accounting Policies (continued)

Impairment of Non-financial Assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. A reversal of impairment loss is recognised immediately in the Statement of Comprehensive Income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less residual value, on a systematic basis over its remaining useful life.

Significant Accounting policies

Cash and Cash-Equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Inventories

Inventories are stated at the lower of cost or net realisable value. The Company records valuation adjustments to its inventories if the cost of specific inventory items on hand exceeds the amount it expects to realise from the ultimate sale or disposal of the inventory. These estimates are based on management's judgment regarding future demand and market conditions and analysis of historical experience.

The Company also records inventory loss adjustments for estimated physical inventory losses that have occurred since the date of the last physical inventory. These estimates are based on management's analysis of historical results and operating trends.

Long-term Deposits

The long-term deposits are recognised at the transactional value, with an impairment review taking place at the reporting date.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on all plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

<u>Category of Property and Equipment</u>	<u>Depreciable Life Range</u>
Store related assets	3 – 10 years
Leasehold improvements	Shorter of lease term or 10 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Victoria's Secret UK Limited

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

2. Accounting Policies (continued)

Property, Plant and Equipment (continued)

Property, plant and equipment are reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable.

Construction in Process

Construction in process include all costs incurred in the development of the store and is stated at the lower of cost and net realisable value. Costs include all costs which are directly related to the property, incurred up to the earlier of practical completion and the date that the store is opened. On the opening of the store, all costs are transferred to leasehold improvements.

Start-up Costs

Start-up costs, including consulting and legal fees and other development phase costs, are expensed as incurred.

Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Operating lease incentives are recognised as a reduction in the rental expense over the lease term.

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities.

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

- Provision is made for deferred income tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as a receivable, and
- Deferred income 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 income tax is measured on an undiscounted 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 or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the Statement of Comprehensive Income.

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of future tax planning strategies.

Victoria's Secret UK Limited

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

2. Accounting Policies (continued)

Foreign Currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of the company are expressed in British pounds, which is the functional currency for the Company.

Transactions in foreign currencies are translated into British pounds at the rate ruling on the date of the transaction. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

Revenue Recognition

The Company recognises sales upon customer receipt of the merchandise. Revenues are comprised by the sale of goods, primarily apparel within its retail stores. All revenues relate to sales within the UK. The Company also provides a reserve for projected merchandise returns based on prior experience. Revenue excludes value added tax collected from customers.

The Company also sells gift cards with no expiration dates to customers. The Company does not charge administrative fees on unused gift cards. The Company recognises income from gift cards when they are redeemed by the customer. In addition, the Company recognises income on unredeemed gift cards when it can determine that the likelihood of the gift card being redeemed is remote and that there is no legal obligation to remit the unredeemed gift cards to relevant jurisdictions (gift card breakage). The Company determines the gift card breakage rate based on historical redemption patterns. To date, the Company has not recognised gift card breakage income.

3. Operating Profit

This is stated after charging:

	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
	(£'000)	(£'000)
Operating lease charges	12,363	4,959
Depreciation	5,161	1,485
Amortisation	295	246
Auditor remuneration	42	22

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

4. Employees

	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
	(£'000)	(£'000)
Staff costs during the year, excluding directors		
Wages and salaries	7,662	4,719
Social security costs / Other	1,120	573
	<u>8,782</u>	<u>5,292</u>

The average number of employees (excluding directors) in the year was:

	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
	(No.)	(No.)
Store employees	501	208
	<u>501</u>	<u>208</u>

Directors' remuneration is paid by L Brands, Inc., the ultimate parent company of Luxembourg (Overseas) Holdings S.a.r.l. The company was not recharged the cost as it is negligible (2012/13 – nil).

5. Finance Costs / Income

	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
	(£'000)	(£'000)
Interest Expense on Related Party Loans	41	0
Interest Income	(29)	0
	<u>12</u>	<u>0</u>

6. Income Taxes

	52 weeks ended 1 February 2014	53 weeks ended 2 February 2013
	(£'000)	(£'000)
Current Tax Expense		
Current tax on profits for the year	1,101	216
Adjustment for under provision in prior periods	46	13
Total Current Tax Expense	<u>1,147</u>	<u>229</u>
Deferred Tax Expense		
Origination and reversal of temporary differences	173	146
Recognition of previously unrecognised deferred tax assets	0	0
Total Deferred Tax Expense	<u>173</u>	<u>146</u>
Total Tax Expense	<u>1,320</u>	<u>375</u>

Victoria's Secret UK Limited

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

6. Income Taxes (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	52 weeks ended 1 February 2014 <u>(£'000)</u>	53 weeks ended 2 February 2013 <u>(£'000)</u>
Profit before income taxes	2,278	1,309
Expected tax charge based on the standard rate of UK corporation tax at the domestic rate of 23.17% (2012/13: 24.33%)	528	314
Expenses not deductible for tax purposes	765	239
Adjustment for under provision in previous periods	28	13
Recognition of previously unrecognised deferred tax assets	0	(185)
Change in deferred rates	<u>(1)</u>	<u>(6)</u>
Total Tax Expense	<u><u>1,320</u></u>	<u><u>375</u></u>

Finance Act 2013 includes a provision for the main rate of corporation tax to be reduced from 23% to 21% on 1 April 2014, and to 20% on 1 April 2015. This will reduce the Company's future tax charge accordingly. These rate changes were substantively enacted in July 2013.

Deferred Income Taxes

The movement on the deferred tax account is as shown below:

	52 weeks ended 1 February 2014 <u>(£'000)</u>	53 weeks ended 2 February 2013 <u>(£'000)</u>
At 2 February	146	0
Recognised in profits and loss tax expense	<u>173</u>	<u>146</u>
At 1 February	<u><u>319</u></u>	<u><u>146</u></u>

Victoria's Secret UK Limited

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

6. Income Taxes (continued)

The movements in deferred tax assets and liabilities during the period are shown below:

	<u>2013/14 recognised</u> (£'000)	<u>2012/13 recognised</u> (£'000)	<u>2013/14 not recognised</u> (£'000)	<u>2012/13 not recognised</u> (£'000)
Accelerated capital allowances	(187)	(166)	0	0
Other temporary and deductible differences	<u>14</u>	<u>20</u>	<u>0</u>	<u>0</u>
Net tax (liabilities)	<u>(173)</u>	<u>(146)</u>	<u>0</u>	<u>0</u>

A deferred tax asset of £35,000 (2012 – £0) is disclosed in Current Assets on the Statement of Financial Position. A deferred tax liability of £354,000 (2012 – £146,000) is disclosed in Non-current Liabilities on the Statement of Financial Position.

7. Property, Plant and Equipment

	<u>Furniture, Fixtures and Equipment</u> (£'000)	<u>Leasehold Improvements</u> (£'000)	<u>Construction in Process</u> (£'000)	<u>Total</u> (£'000)
Cost:				
At 28 January 2012	0	0	10,532	10,532
Additions	<u>10,801</u>	<u>26,856</u>	<u>(10,519)</u>	<u>27,138</u>
At 2 February 2013	10,801	26,856	13	37,670
Additions	<u>7,235</u>	<u>9,081</u>	<u>4,310</u>	<u>20,626</u>
At 1 February 2014	<u>18,036</u>	<u>35,937</u>	<u>4,323</u>	<u>58,296</u>
Accumulated Depreciation:				
At 28 January 2012	0	0	0	0
Charge for the year	<u>537</u>	<u>948</u>	<u>0</u>	<u>1,485</u>
At 2 February 2013	537	948	0	1,485
Charge for the year	<u>1,953</u>	<u>3,208</u>	<u>0</u>	<u>5,161</u>
At 1 February 2014	<u>2,490</u>	<u>4,156</u>	<u>0</u>	<u>6,646</u>
Carrying Amount:				
At 1 February 2014	<u>15,546</u>	<u>31,781</u>	<u>4,323</u>	<u>51,650</u>
At 2 February 2013	<u>10,264</u>	<u>25,908</u>	<u>13</u>	<u>36,185</u>

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

8. Intangible Assets

Key money payments to landlords are capitalised and amortised as rent expense over the term of the lease agreements to 30 June 2045.

	<u>(£'000)</u>
Cost:	
At 28 January 2012	8,407
Additions	850
At 2 February 2013	<u>9,257</u>
Additions	1,263
At 1 February 2014	<u>10,520</u>
Accumulated Amortisation:	
At 28 January 2012	385
Charge for the year	246
At 2 February 2013	<u>631</u>
Charge for the year	295
At 1 February 2014	<u>926</u>
Carrying Amount:	
At 2 February 2013	<u>8,626</u>
At 1 February 2014	<u>9,594</u>

9. Long-term Deposits

The Company's long-term deposits are related to property leases which are repayable at lease expiration.

	<u>(£'000)</u>
At 28 January 2012	3,378
Additions	587
At 2 February 2013	<u>3,965</u>
Additions	2,322
At 1 February 2014	<u>6,287</u>

10. Inventories

	<u>1 February 2014</u>	<u>2 February 2013</u>
	<u>(£'000)</u>	<u>(£'000)</u>
Finished Goods	<u>4,492</u>	<u>4,026</u>
	<u>4,492</u>	<u>4,026</u>

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

11. Other Current Assets

	<u>1 February 2014</u>	<u>2 February 2013</u>
	(£'000)	(£'000)
Amounts owed by group undertakings	4,006	5,157
VAT receivable	2,106	1,271
Prepayments	1,606	555
Deferred tax asset	35	0
Other receivables	165	224
	<u>7,918</u>	<u>7,207</u>

12. Current Liabilities

	<u>1 February 2014</u>	<u>2 February 2013</u>
	(£'000)	(£'000)
Amounts owed to group undertakings	9,583	5,621
VAT payable	2,875	1,557
Accruals	2,139	1,471
Trade payables	1,923	685
Corporation tax creditor	560	216
	<u>17,080</u>	<u>9,550</u>

In September 2013, a US\$10,000,000 variable rate loan was entered with Victoria's Secret International S.a.r.l., a wholly owned subsidiary of L (Overseas) Holdings LP. It is repayable on 12 September 2014 and bears interest at 1.3874%. The carrying value of the loan at 1 February 2014 was £6,083,100.

The U.S. dollar denominated intercompany loans described above and in note 13 expose the Company to market risk associated with foreign currency exchange rate fluctuations. To mitigate the exposure to fluctuations in the U.S.dollar-British pound exchange rate, the Company has entered into a series of month-to-month forward foreign currency contracts. Hedge accounting is not used.

13. Non-current Liabilities

	<u>1 February 2014</u>	<u>2 February 2013</u>
	(£'000)	(£'000)
Operating lease accruals	7,604	5,640
Amounts owed to group undertakings	1,825	0
Deferred tax liability	354	146
	<u>9,783</u>	<u>5,786</u>

In November 2013, a US\$3,000,000 variable rate loan was entered with Victoria's Secret International S.a.r.l. It is repayable on 28 November 2015 and bears interest at LIBOR + 2.0%. The carrying value of the loan at 1 February 2014 was £1,824,930.

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

14. Share Capital

	<u>1 February 2014</u>	<u>2 February 2013</u>
	(£'000)	(£'000)
Authorised:		
2013/14 – 13,946,858 (2012/13 – 13,946,858) Shares at par value £1 each	<u>58,562</u>	<u>58,562</u>
Issued and fully paid:	<u>58,562</u>	<u>58,562</u>

L (Overseas) Holdings LP contributed capital 2 July 2012 of £6,360,097 and again on 22 August 2012 of £7,586,761 to Victoria's Secret UK Limited.

15. Operating Lease Arrangements

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<u>1 February 2014</u>	<u>2 February 2013</u>
	(£'000)	(£'000)
Not later than one year	7,904	5,164
Later than one year and not later than five years	55,329	22,077
Later than five years	<u>202,801</u>	<u>100,090</u>
	<u>266,034</u>	<u>127,331</u>

The Company had no subtenant income for the 52 weeks ended 1 February 2014 and 53 weeks ended 2 February 2013.

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NOTES TO THE FINANCIAL STATEMENTS

As of 1 February 2014

16. Related Party Transactions

During the period, the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 1 February 2014 with other related parties, are as follows:

	Purchases from Related Party	Amounts owed by Related Party	Amounts owed to Related Party
	(£'000)	(£'000)	(£'000)
Fellow group subsidiaries			
2013/14	20,744	4,006	11,408
2012/13	8,311	5,157	5,621

Entities with significant influence over the Group

Luxembourg (Overseas) Holdings S.a.r.l. owns 100% of the ordinary shares in Victoria's Secret UK Limited.

Terms and conditions of transactions with related parties

Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the period ended 1 February 2014, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2012/13: nil).

Purchases from related party

These transactions are related to merchandise purchased from Victoria's Secret Stores Brand Management, Inc.

Amounts owed by related party

This balance is primarily related to payroll and other shared service charges due to the Company's parent company or its associates. These transactions are also due to payments related to the Sublicense Agreement. Victoria's Secret International S.a.r.l., a wholly owned subsidiary of L (Overseas) Holdings LP, guarantees that the Company's operating income equals 3% of net sales.

Amounts owed to related party

In 2012/13, this balance represents transactions are primarily related to merchandise payables owed to Victoria's Secret Stores Brand Management, Inc.

In 2013/14, this balance is primarily related to loans from Victoria's Secret International S.a.r.l. The aggregate outstanding amount of the loans is £7,908,030. See footnotes 12 and 13 for further detail. This balance also transactions are related to merchandise payables owed to Victoria's Secret Stores Brand Management, Inc. and payables owed to L Brands Store Design & Construction.

17. Ultimate Parent Company

The Company's immediate parent company is Luxembourg (Overseas) Holdings S.a.r.l., a wholly-owned subsidiary of L Brands, Inc. The immediate parent company of Luxembourg (Overseas) Holdings S.a.r.l. is L (Overseas) Holdings LP. L Brands, Inc., the ultimate parent company, controlling entity of the group and the only company to prepare consolidated financial statements, is incorporated and registered in the United States of America. The financial statements of the ultimate parent company may be obtained by writing to L Brands, Inc., Three Limited Parkway, P.O. Box 16000, Columbus, OH 43216 USA.