

Registered Number 237511

Arcadia Group Limited
Annual report
for the year ended 27 August 2011

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Arcadia Group Limited
Annual report
For the year ended 27 August 2011

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Arcadia Group Limited (registered number: 237511)

Directors' report for the year ended 27 August 2011

The directors present their report together with the audited financial statements of the Company for the year ended 27 August 2011

Principal activities, review of business and dividends

The Company's principal activities are those of a property and investment holding company. The Company also provides administrative and logistical services to its subsidiary undertakings.

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, its future outlook and its position at 27 August 2011 is given on page 1 to the financial statements of that company.

The directors do not recommend the payment of a dividend (2010: £nil) and the profit for the financial year of £22,389,000 (2010: £16,442,000) has therefore been transferred to reserves.

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

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

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

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

Directors

The directors who held office during the year ended 27 August 2011 and up to the date of signing the financial statements were as follows:

Paul Budge

Ian Grabiner

Lord Grabiner QC

Sir Philip Green

Chris Harris (appointed 1 September 2010)

Donations

During the year, donations to the value of £257,000 (2010: £207,000) were given to various UK charitable organisations.

Arcadia Group Limited (registered number: 237511)

Directors' report for the year ended 27 August 2011 (continued)

Employees

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

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

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

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

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 487 of the Companies Act 2006.

On behalf of the Board


Paul Budge

Director

21 May 2012

Arcadia Group Limited

Independent auditors' report to the members of Arcadia Group Limited

We have audited the financial statements of Arcadia Group Limited for the year ended 27 August 2011 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 27 August 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Steve Denison (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

21 May 2012

Arcadia Group Limited

Profit and loss account for the year ended 27 August 2011

	Note	2011 £'000	2010 £'000
Turnover	1	139,006	146,923
Cost of sales		(73,237)	(75,431)
Gross profit		65,769	71,492
Distribution costs		(47,487)	(51,280)
Administrative expenses		(30,037)	(32,058)
Other operating income	2	5,599	5,600
Operating loss	2	(6,156)	(6,246)
Income from fixed asset investments		-	200
Provision against fixed asset investment		(3,940)	-
Disposal of fixed asset investments		-	(50)
Loss on ordinary activities before interest and taxation		(10,096)	(6,096)
Net interest receivable and similar income	3	36,102	25,941
Profit before taxation		26,006	19,845
Taxation	5	(3,617)	(3,403)
Profit for the financial year	14	22,389	16,442

All of the results in the profit and loss account above relate to *continuing activities*

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

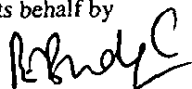
There is no difference between the profit before taxation and the profit for the financial year stated above and their *historical cost equivalents*

Arcadia Group Limited

Balance sheet as at 27 August 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	6	45,254	39,513
Investments	7	3,340,210	3,209,845
		3,385,464	3,249,358
Current assets			
Stocks		112	406
Investments	8	12,075	11,565
Debtors	9	27,229	27,061
Cash at bank and in hand		22	2,459
		39,438	41,491
Creditors amounts falling due within one year	10	(114,120)	(147,286)
Net current liabilities		(74,682)	(105,795)
Total assets less current liabilities		3,310,782	3,143,563
Creditors amounts falling due after more than one year	11	(2,195,630)	(2,049,909)
Provisions for liabilities and charges	12	-	(891)
Net assets		1,115,152	1,092,763
Capital and reserves			
Called up share capital	16	168,163	168,163
Share premium account	13	393,676	393,676
Capital redemption reserve	13	223,431	223,431
Profit and loss account	13	329,882	307,493
Equity shareholders' funds	14	1,115,152	1,092,763

The financial statements on pages 4 to 18 were approved by the board of directors on 21 May 2012 and were signed on its behalf by



Paul Budge
Director

Arcadia Group Limited

Accounting policies

Accounting convention

The financial statements are drawn up on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the 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 the Company's cash flows are included within the consolidated cash flow statement of its ultimate parent undertaking, Taveta Investments Limited.

Turnover

Turnover represents rents receivable from group undertakings and external tenants, together with amounts charged to group undertakings for the provision of administrative and logistical services. It accrues on a daily basis and is stated net of value added tax.

Other operating income

Income from the operation of the Group's store card business is recognised in the same period as the underlying sales transaction. Upfront contributions towards the Group's store card business have been deferred and are being released to the profit and loss account over the term of the related contract.

Investments

Fixed asset investments are shown at cost less amounts written off. Provision is made where, in the opinion of the directors, there has been an impairment in the carrying value of investments. Income from fixed asset investments represents dividends received from subsidiary undertakings.

Current asset investments comprise floating rate loan notes that were purchased at a discount to their nominal value. These investments were initially valued at their purchase cost and the appreciation in value is being recognised on a straight-line basis during the period leading up to their redemption.

Tangible fixed assets

Fixed assets are stated at historic purchase cost less accumulated depreciation. Fixed asset values are reviewed for impairment in accordance with Financial Reporting Standard 11. Impairment of fixed assets and goodwill.

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Land not depreciated

Freehold and long leasehold buildings over 50 years depreciated to their estimated residual value over their estimated useful economic life

Short leasehold land and buildings life of lease

Office equipment 10 years

Computer equipment 3 to 4 years

Motor vehicles are depreciated on the reducing balance basis at a rate of 25% per annum

Arcadia Group Limited

Accounting policies (continued)

Pension costs

The Company operates a couple of defined benefit schemes on behalf of its employees and those of its subsidiaries. The employing companies contribute in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. Although these pension schemes are defined benefit in nature the Company accounts for its contributions as though they were defined contribution schemes as the Company and its subsidiaries are unable to identify their respective share of the schemes' underlying assets and liabilities.

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

Taxation

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying tax differences can be deducted. Deferred tax is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain or loss has been recognised in the financial statements. Deferred tax assets and liabilities are not discounted.

Foreign exchange

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

Leased assets

Assets held under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of their estimated useful economic lives and the period of the lease. Rentals are apportioned between reductions in the capital obligations included within creditors and finance charges which are charged to the profit and loss account at a constant effective rate of interest.

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

Treasury instruments

Gains and losses on hedges of payments or receipts are deferred and only recognised as they crystallise. Gains and losses on forward currency contracts entered into as hedges of future purchases denominated in foreign currency are carried forward and are recognised as part of the purchase cost on maturity.

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011

1 Turnover

Turnover is wholly attributable to the Company's principal activities and arises in the United Kingdom. Turnover includes management charges of £137,974,000 (2010: £145,773,000) levied on group undertakings.

2 Operating loss

	2011 £'000	2010 £'000
Operating loss is stated after charging / (crediting):		
Employment costs (note 4)	114,366	114,631
Depreciation - owned assets	11,078	9,434
- leased assets	1,112	950
Property rentals received	(1,014)	(1,170)
Property rentals paid	1,057	1,191
Other operating lease rentals	3,742	3,630
Other operating income (see below)	(5,599)	(5,600)
Auditors' remuneration:		
<i>Audit services</i>		
Statutory audit of the Company and its subsidiaries	185	180
<i>Tax services</i>		
Compliance	85	11
Other tax services	389	65
Pensions advisory	469	361
All other services	124	55

Other operating income arises from the operation of the Group's store cards.

3 Net interest receivable and similar income

	2011 £'000	2010 £'000
Interest and similar charges payable on		
Bank overdrafts	(407)	(323)
Loans from group undertakings	(5)	-
Finance leases	(21)	-
	(433)	(323)
Interest receivable on		
Bank deposits	2	3
Other deposits	1,526	216
Loans to group undertakings	35,007	26,045
Interest receivable and similar income	36,535	26,264
Net interest receivable and similar income	36,102	25,941

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Notes to the financial statements for the year ended 27 August 2011 (continued)

4 Employees and directors

Particulars of employee costs (including executive directors) are shown below

	2011	2010
Employees (including executive directors)	£'000	£'000
Wages and salaries	97,789	102,256
Social security costs	10,698	10,652
Pension costs (note 18)	5,879	1,723
Total employment costs	114,366	114,631

The average monthly number of people employed by the Company during the year was 2,432 (2010 2,294). All of these employees provide administrative support to the Company's retailing subsidiaries and where this can be directly allocated, the related employment costs are recharged accordingly.

The equivalent average number of full-time employees was 2,375 (2010 2,237).

	2011	2010
Total directors' remuneration comprises:	£'000	£'000
Aggregate emoluments	3,004	3,400

The Company has not contributed to any money purchase pension arrangements on behalf of its directors.

At the year end, 2 directors (2010 2) had retirement benefits accruing under the Company's defined benefit pension schemes.

	2011	2010
Highest paid director	£'000	£'000
Aggregate emoluments	1,123	1,918

The highest paid director has an accrued annual pension of £32,600 (2010 £31,600) under the Company's defined benefit arrangements.

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

5 Taxation

	2011 £'000	2010 £'000
a. Analysis of the tax charge for the year		
Based on the profit for the year		
UK corporation tax at 27.16% (2010: 28%)		
- Current year	6,894	5,754
- Prior years	(1,170)	(824)
Total current tax (note 5b)	5,724	4,930
Deferred tax – origination and reversal of timing differences (notes 9 and 12)	(2,107)	(1,527)
Total taxation	3,617	3,403

The tax assessed for the year is lower than the effective rate of corporation tax in the United Kingdom (27.2%). The differences are explained below

	2011 £'000	2010 £'000
b. Factors affecting the current tax charge for the year		
Profit before taxation	26,006	19,845
Profit before taxation multiplied by the effective rate of corporation tax in the United Kingdom of 27.16% (2010: 28%)	7,064	5,557
Effects of		
Expenses not deductible for tax purposes	1,801	659
Capital allowances in excess of depreciation	(151)	(742)
Other timing differences	(1,820)	280
Adjustment in respect of prior years	(1,170)	(824)
Current tax charge for the year (note 5a)	5,724	4,930

The Company has entered into a group payment arrangement with HMRC whereby it undertakes to make corporation tax payments on behalf of all subsidiary companies within the same tax group. Accordingly, at the year end the aggregate corporation tax liability of all companies within this tax group has been included within the Company's debtors (note 9) whilst a corresponding creditor has been recognised against amounts owed to subsidiary undertakings (note 11).

c Factors that may affect future tax charges

Based on current capital investment plans, the Company expects capital allowances to exceed depreciation in future years at a similar rate to the current year. The Company also expects to incur a similar level of non-deductible expenditure. In addition to the changes in rates of Corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

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Notes to the financial statements for the year ended 27 August 2011 (continued)

6 Tangible fixed assets

	Short leasehold land and buildings £'000	Fit out, fixtures and equipment £'000	Total £'000
Cost			
At 29 August 2010	232	87,799	88,031
Additions	2	17,933	17,935
Disposals	(37)	(9,649)	(9,686)
At 27 August 2011	197	96,083	96,280
Accumulated depreciation			
At 29 August 2010	88	48,430	48,518
Charge for the year	6	12,184	12,190
Disposals	(33)	(9,649)	(9,682)
At 27 August 2011	61	50,965	51,026
Net book value			
At 27 August 2011	136	45,118	45,254
At 28 August 2010	144	39,369	39,513

Assets held under finance leases and capitalised in fit out, fixtures and equipment	2011 £'000	2010 £'000
Cost	5,775	4,470
Accumulated depreciation	(3,822)	(2,710)
Net book amount	1,953	1,760

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

7 Fixed asset investments

Group undertakings	Shares in group undertakings		Loans		Total £'000
	Cost £'000	Provision £'000	Cost £'000	Provision £'000	
At 29 August 2010	1,479,803	(288,801)	2,165,129	(146,286)	3,209,845
Additions	-	(3,940)	154,081	-	150,141
Disposals / repayments	-	-	(19,776)	-	(19,776)
At 27 August 2011	1,479,803	(292,741)	2,299,434	(146,286)	3,340,210

Details of all group undertakings are disclosed in note 20 to the financial statements

Consolidated financial statements have not been prepared (under Section 400 of the Companies Act 2006), as the Company is a wholly owned subsidiary undertaking of Taveta Investments Limited, which prepares consolidated financial statements. In the opinion of the directors the aggregate value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated

8 Current asset investments

	£'000
Floating rate loan notes	
At 28 August 2010	11,565
Appreciation in value	510
At 27 August 2011	12,075

9 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts due from joint venture – loan	-	401
Other debtors (including VAT)	6,496	8,081
Corporation tax	7,367	-
Deferred taxation	1,216	-
Prepayments and accrued income	12,150	18,579
	27,229	27,061

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

10 Creditors – amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdrafts	33,967	21,069
Trade creditors	15,817	17,456
Finance leases	435	185
Amounts due to joint venture – trading balances	-	7
Corporation tax (note 5)	-	39,259
Other taxation and social security	7,653	7,771
Other creditors	13,993	13,995
Accruals and deferred income	42,255	47,544
	114,120	147,286

11 Creditors – amounts falling due after more than one year

	2011 £'000	2010 £'000
Finance leases falling due		
Between one and two years	435	-
Between two and five years	109	-
Amounts owed to subsidiary undertakings	2,165,066	2,014,580
Other creditors	11,447	11,147
Accruals and deferred income	18,573	24,182
	2,195,630	2,049,909

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

12 Provisions for liabilities and charges

Deferred taxation

The movement in the Company's deferred tax balance is as follows

	£'000
At 29 August 2010	891
Profit and loss account (note 5a)	(891)
At 27 August 2011	-

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods when timing differences reverse, based on tax rates at the balance sheet date

13 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 29 August 2010	393,676	223,431	307,493	924,600
Profit for the financial year	-	-	22,389	22,389
At 27 August 2011	393,676	223,431	329,882	946,989

14 Reconciliation of movements in equity shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	22,389	16,442
Opening shareholders' funds	1,092,763	1,076,321
Closing shareholders' funds	1,115,152	1,092,763

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

15 Financial commitments

At 27 August 2011 the Company had capital commitments contracted but not provided for of £10,290,000 (2010 £17,413,000). In addition, the Company leases a number of properties from external landlords under non-cancellable operating leases that are subject to renegotiation at various dates. The minimum annual rentals under the foregoing are

	2011 £'000	2010 £'000
Operating leases which expire		
- within one year	-	791
- between two and five years inclusive	527	540
- after five years	490	490
	1,017	1,821

The Company also leases certain items of plant and machinery along with vehicles whose minimum annual rentals are as follows

	2011 £'000	2010 £'000
Other assets		
Operating leases which expire		
- within one year	394	2,162
- between two and five years inclusive	1,643	1,926
	2,037	4,088

16 Called up share capital

	2011		2010	
	£'000	No. ('000)	£'000	No. ('000)
Authorised				
Ordinary shares of 80p each	200,000	250,000	200,000	250,000
Deferred shares of 40p each	320,000	800,000	320,000	800,000
	520,000	1,050,000	520,000	1,050,000
Called up and fully paid				
Ordinary shares of 80p each	168,163	210,204	168,163	210,204

17 Contingent liabilities

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

At the year end the amount outstanding under these guarantees totalled £455,500,000 (2010 £460,000,000). The directors do not expect a loss to arise as a result of providing these guarantees.

The Company has also guaranteed the rents payable by certain subsidiary undertakings, which amounted to £14,068,000 (2010 £14,356,000) during the year.

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

18 Pension schemes

Eligible employees participate in a couple of defined benefit schemes operated by the Company to which the Company and a number of its subsidiaries contribute in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. These schemes are financed through separate trustee administered funds. Contributions to the schemes are based on actuarial advice following the most recent valuations of the funds.

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

Members ceased to accrue future benefits in the schemes with effect from 30 November 2010 and 31 December 2010. Prior to their closure, the Company contributed at the rate of 34.7% of members' pensionable salary to one of the schemes and made further payments towards the scheme's administrative expenses and to help repair the scheme's past service funding deficit. The Company did not contribute to the other scheme, as any contributions that would have been payable in respect of future benefits were offset by the utilisation of the past service funding surplus identified at the latest actuarial valuation.

On 1 January 2011 a new schedule of contributions came into effect based on an updated actuarial valuation as at 31 March 2010. This valuation identified a funding deficit in both schemes and the Company increased its contribution levels to reflect these shortfalls.

During the year to 27 August 2011, the Company contributed £11,517,000 (2010: £12,723,000) to the schemes, which included £8,000,000 (2010: £11,000,000) of prepaid contributions in respect of future years.

An actuarial valuation of the schemes as at 27 August 2011, for the purposes of FRS 17, identified that the present value of their liabilities exceeded the market value of the schemes' assets by £88,374,000 (2010: £143,389,000). The detailed disclosures required by FRS 17 are provided for the Group as a whole in the consolidated financial statements of the Company's ultimate parent undertaking, Taveta Investments Limited.

As the Company's defined benefit schemes are now closed, eligible employees are offered the opportunity to join the Group's defined contribution scheme. During the year contributions payable to this scheme totalled £2,362,000.

19 Parent undertaking, controlling party and related party disclosures

The Company's ultimate parent undertaking is Taveta Investments Limited ('Taveta'), a company incorporated in England, which 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 has taken advantage of the exemption available within 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.

During 2010, the Company purchased certain floating rate loan notes from Lady Cristina Green for £11,494,000.

Muse Retail Limited ('Muse') is a joint venture between the Company and DCK Concessions Limited. The Company provides Muse with support in a number of areas including administration, marketing and treasury. During the year the Company invoiced Muse £33,000 (2010: £56,000) in respect of these services. At the year end Muse owed the Company £1,155,000 (2010: £394,000), which has been fully provided against.

The Company is a member of the Fashion Retail Academy ('FRA'), a private training provider delivering a range of courses with an emphasis on retailing. During the year, the Company charged FRA £69,000 (2010: £9,000) for administrative expenses and also provided FRA with other services on a gratis basis. In addition, FRA invoiced the Company £19,000 (2010: £2,000) for the use of its facilities. At the year end there was no amount outstanding between the two companies (2010: £nil).

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

20 Group undertakings

Details of the Company's subsidiary undertakings are provided in the table below

With the exception of A & D Pension Services Limited, Muse Retail Limited and Gresse Street Limited, which are 50%, 50% and 53% owned respectively, the Company owns the whole of the issued ordinary share capital of the group undertakings listed below

Subsidiary undertaking	Country of operation	Country of incorporation or registration	Main activity
A & D Pension Services Ltd	UK	England	Non-trading
Arcadia Group Brands Ltd*	UK	England	Brand management
Arcadia Group Design & Development Ltd*	UK	England	Store design and fit-out
Arcadia Group Fashion Holdings Ltd	UK	England	Holding company
Arcadia Group Holdings Ltd*	UK	England	Non-trading
Arcadia Group (Hong Kong) Ltd*	Hong Kong	Hong Kong	Fashion procurement
Arcadia Group Pension Trust Ltd	UK	England	Corporate trustee
Arcadia Group Retail Ltd	UK	England	Non-trading
Arcadia Group (USA) Ltd	USA	England	Fashion retailing
Arcadia Quest Trustee Ltd	UK	England	Dormant
Arcadia Retail Group Limited	UK	England	Dormant
Arcadia Stancepower Holdings Ltd	UK	England	Holding company
AG Clothing Ltd*	UK	England	Brand management
AG Clothing (Holdings) Ltd	UK	England	Holding company
AG Fashion Limited*	UK	England	Non-trading
AG Insurance Company Ltd	Guernsey	Guernsey	Captive insurer
AG Retail Holdings (Ireland) Ltd*	Ireland	Ireland	Holding company
AG Senior Executives Pension Trustee Ltd	UK	England	Corporate trustee
Arcadia Group Multiples (Ireland) Ltd*	Ireland	Ireland	Fashion retailing
B E Leasing Ltd	UK	England	Non-trading
Burton/Dorothy Perkins Properties Ltd*	UK	England	Property investment
Burton Property Trust Ltd*	UK	England	Dormant
Burton Retail Ltd*	UK	England	Fashion retailing
Caraway Group Ltd	UK	England	Dormant
Castle Trustee Ltd	UK	England	Corporate trustee
Collier Finance Ltd*	UK	England	Non-trading
Dorothy Perkins Ltd	UK	England	Property investment
Dorothy Perkins Retail Ltd*	UK	England	Fashion retailing
Evans Ltd*	UK	England	Fashion retailing
Evans Retail Properties Ltd*	UK	England	Property investment
Gresse Street Ltd	UK	England	Property investment
Matte Card Services Ltd*	UK	England	Dormant
Miss Selfridge Retail Ltd	UK	England	Fashion retailing

Arcadia Group Limited

Notes to the financial statements for the year ended 27 August 2011 (continued)

20 Group undertakings (continued)

Subsidiary undertaking	Country of operation	Country of incorporation or registration	Main activity
Miss Selfridge Retail (Ireland) Ltd*	Ireland	Ireland	Fashion retailing
Miss Selfridge Properties Ltd*	UK	England	Property investment
Montague Burton Employees Savings Trustee Ltd	UK	England	Non-trading
Montague Burton Properties Ltd	UK	England	Dormant
Montague Burton Property Investments Ltd	UK	England	Dormant
Muse Retail Ltd	UK	England	Fashion accessory retailing
Outfit Retail Ltd	UK	England	Fashion retailing
Redcastle Ltd	UK	England	Property investment
Redcastle (214 Oxford Street) Ltd*	UK	England	Property investment
Redcastle Finance Ltd*	UK	England	Holding company
Redcastle (Holdings) Ltd	UK	England	Holding company
Redcastle Investments Ltd	UK	England	Dormant
Redcastle Properties Ltd	UK	England	Dormant
Redcastle Property Mortgage Ltd*	UK	England	Property investment
Richards Investments Ltd*	UK	England	Holding company
Dorsub (RSL) Ltd*	UK	England	Dormant
Dorsub (RSH) Ltd*	UK	England	Dormant
Stancepower*	UK	England	Dormant
SVML Ltd	UK	England	Dormant
Tammy (Girlswear) Ltd*	UK	England	Dormant
Top Shop/Top Man Ltd*	UK	England	Fashion retailing
Top Shop/Top Man Properties Ltd*	UK	England	Property investment
Wallis (London) Ltd*	UK	England	Non-trading
Wallis (London) GmbH*	Germany	Germany	Non-trading
Wallis Retail Ltd	UK	England	Fashion retailing
Wallis Retail (Ireland) Ltd*	Ireland	Ireland	Fashion retailing
Wallis Retail Properties Ltd*	UK	England	Property investment
Zoom co uk Limited	UK	England	E-commerce

* Denotes indirect shareholding