Registered number: 4251393

Miss Selfridge Retail Limited

Annual report and financial statements

for the year ended 26 August 2017

Miss Selfridge Retail Limited

Company information

Directors	R Burchill R de Dombal M Gammon G Hague S Wightman
Company secretary	R Flaherty
Registered number	4251393
Registered office	Colegrave House 70 Berners Street London England W1T 3NL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds England LS1 4DL

Miss Selfridge Retail Limited

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Strategic report
for the year ended 26 August 2017

Introduction

The directors present their report and the audited financial statements of Miss Selfridge Retail Limited ("the Company") for the year ended 26 August 2017.

Principal activity and future developments

The principal activity of the Company is the retailing and wholesaling of clothing and clothing accessories, under the Miss Selfridge brand name. The business is expected to continue to trade on the same basis for the foreseeable future.

Results for the year

The loss for the financial year amounted to £3,570,000 (2016: £1,166,000).

During the year the Company incurred exceptional charges of £4,767,000 (2016: £3,539,000). These related to an increase in the provision against the future leasing obligations of the Company's loss-making stores, the impairment of tangible assets and impairment of goodwill.

Further details are set out in note 6.

As at 26 August 2017 the Company had net assets of £55,295,000 (2016: £58,865,000).

Business review

During the year, the Company was a wholly-owned subsidiary of Taveta Investments Limited. A review of Taveta Investments Limited's and its subsidiaries' ("the Group") businesses during the year, its future outlook and its position at 26 August 2017 is given on pages 1 to 3 of the financial statements of the Group.

Management and reporting of principal risks and uncertainties 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 a statutory company level.

For these reasons the Company's directors do not believe that a discussion of the principal risks facing the Company or of the KPI's 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 risks it faces, are discussed in the strategic report on pages 1 to 5 of Taveta Investments Limited's 2017 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 a statutory company 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 risks faced by the Group, and the strategy it employs to manage those risks, are discussed in the strategic report in the strategic report on pages 1 to 5 of Taveta Investments Limited's 2017 Annual report which does not form part of this report.

Miss Selfridge Retail Limited

Strategic report (continued)
for the year ended 26 August 2017

This report was approved by the board on 21 December 2017 and signed on its behalf.

G. Hague

G Hague
Director
Date: 21 December 2017

Directors' report
for the year ended 26 August 2017

The directors present their report and the audited financial statements for the year ended 26 August 2017.

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.

Dividends

The directors do not recommend the payment of a dividend in respect of the financial year (2016: £nil).

Directors

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

R Burchill
R de Dombal
M Gammon
G Hague
S Wightman

Employees and equal opportunities

All service contracts are held by Arcadia Group Limited. Employment costs are recharged to the Company in full.

All staff are informed about matters concerning their interests as employees and the financial position of the Company through a number of communication channels including face-to-face briefings, an intranet site supplemented by e-mail announcements and a staff magazine.

The Company recognises the importance of a highly motivated and well-trained workforce. It encourages employees' involvement in the Company's performance through their participation in a variety of incentive bonus schemes linked to the achievement of operational or financial targets in that 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 Company is an equal opportunities employer, recruiting and promoting employees on the basis of their 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 who become disabled during their employment.

Charitable donations

During the year the Group donated £187,000 (2016: £287,000) directly to various UK charitable organisations.

In addition, all of the Group's brands work closely with a selected charity partner to raise funds through corporate and individual employee initiatives. A number of the brands have created exclusive products, which are sold in store, to generate proceeds for their selected charities.

During the year, the funds raised through the Miss Selfridge brands' charitable activities was £1,200 (2016: £6,700).

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company's ultimate parent company (Taveta Investments Limited) also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Matters covered in the strategic report

The principal activities, the business review, financial risk management, KPI's and future developments are all discussed in the strategic report on pages 1 and 2.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

Directors' report (continued)
for the year ended 26 August 2017

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 21 December 2017 and signed on its behalf.

G. Hague

G Hague
Director
Date: 21 December 2017

Independent Auditors' Report to the Members of Miss Selfridge Retail Limited

Report on the audit of the financial statements

Opinion

In our opinion, Miss Selfridge Retail Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 August 2017 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 26 August 2017; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 26 August 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditors' Report to the Members of Miss Selfridge Retail Limited

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

Paul Cragg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
Date: 21 December 2017

Miss Selfridge Retail Limited

Profit and loss account
for the year ended 26 August 2017

	Note	2017 £000	2016 £000
Turnover	5	**121,478**	131,869
Cost of sales		**(110,447)**	(119,231)
Exceptional cost of sales	6	**(4,767)**	(3,539)
Gross profit		**6,264**	9,099
Administrative expenses		**(10,141)**	(9,778)
Operating loss	7	**(3,877)**	(679)
Interest payable and similar expenses	9	**(379)**	(627)
Loss before taxation		**(4,256)**	(1,306)
Tax on loss	10	**686**	140
Loss for the financial year		**(3,570)**	(1,166)

All amounts relate to continuing operations.

There were no other comprehensive income transactions in 2017 or 2016 and therefore a statement of comprehensive income has not been presented.

The notes on pages 12 to 29 form part of these financial statements.

Miss Selfridge Retail Limited
Registered number: 4251393

Balance sheet
as at 26 August 2017

	Note		2017 £000		Restated 2016 £000
Fixed assets					
Intangible assets	11		-		477
Tangible assets	12		1,711		2,345
Investments	13		250		250
			1,961		3,072
Current assets					
Stocks	14	12,746		12,952	
Debtors: amounts falling due within one year	15	69,775		72,234	
Cash and cash equivalents		86		124	
		82,607		85,310	
Creditors: amounts falling due within one year	16	(16,907)		(20,059)	
Net current assets			65,700		65,251
Total assets less current liabilities			67,661		68,323
Other provisions	18		(12,366)		(9,458)
Net assets			55,295		58,865
Capital and reserves					
Called up share capital	19		1		1
Share premium account			11,967		11,967
Retained earnings			43,327		46,897
Total equity			55,295		58,865

The restatement in 2016 is disclosed in note 23.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2017.

G Hague

G Hague
Director
Date: 21 December 2017

The notes on pages 12 to 29 form part of these financial statements.

Miss Selfridge Retail Limited

Statement of changes in equity
for the year ended 26 August 2017

	Called up share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 30 August 2015	1	11,967	48,063	60,031
Loss for the financial year	-	-	(1,166)	(1,166)
At 28 August 2016	1	11,967	46,897	58,865
Loss for the financial year	-	-	**(3,570)**	**(3,570)**
At 26 August 2017	**1**	**11,967**	**43,327**	**55,295**

1. General information

Miss Selfridge Retail Limited ("the Company") operates a number of retailing stores and wholesaling operations, selling clothing and clothing accessories under the Miss Selfridge brand name. The Company 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, England.

2. Statement of compliance

The financial statements of Miss Selfridge Retail 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 the years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements have been prepared for the 52 weeks ended 26 August 2017 (2016: 52 weeks ended 27 August 2016).

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

The financial statements are prepared on a going concern basis, under the historical cost convention.

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 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 is a wholly-owned subsidiary of Arcadia Group Limited and of its ultimate parent, Taveta Investments Limited. It is included in the consolidated financial statements of both Arcadia Group Limited and Taveta Investments Limited which are publicly available. Therefore the Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

3.2 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 statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Taveta Investments Limited ("the Group"), includes the Company's cash flows in its own 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 paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures of Taveta.

The Company has taken advantage of the exemption from disclosing key management personnel compensation in total, on the basis that it is a qualifying entity and the key management personnel compensation is disclosed in the consolidated financial statements of Taveta.

3.3 Related parties

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

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

3.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and value added taxes. An estimate is made for future returns (based on accumulated experience).

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

(i) Sale of goods - retail

The Company operates retail shops for the sales of a range of own-branded products. Retail sales are usually settled by cash, credit or payment card. Revenue is recognised at the point of sale in the store.

Sales are made to customers with a right to return within 28 days, subject to certain conditions regarding usage.

(ii) Sale of goods - internet-based transactions

The Company sells goods via its websites for delivery to the customer or collection from one of its retail stores. Revenue is recognised when the risks and rewards of the stock is passed to the customer. For deliveries to the customer this is the point of acceptance of the goods by the customer and for collection from store this is at the time of collection. Transactions are settled by online money transfer, credit or payment card.

Sales are made to customers with a right to return within 28 days, subject to certain conditions regarding the usage.

(iii) Income from concession agreements

The Company operates concession arrangements whereby the Company acts as a selling agent and receives a fixed percentage payment based on the concessionaire's revenue. The revenue is recognised on the accruals basis.

(iv) Income from franchise fees

In certain locations the Company has franchised its brand to third parties. Fees charged for the use of the rights granted by the agreement and related services are recognised as revenue as the rights are used and the services are provided.

(v) Income from wholesale arrangements

The Company fulfils a number of wholesale arrangements. Revenue is recognised when goods are dispatched and the risks and rewards of the stock are passed to the customer.

3.5 Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

3.6 Goodwill and business combinations

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable net assets and liabilities, unless the fair value cannot be reliably measured, in which case the value is incorporated in goodwill.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable net assets and liabilities. It is amortised to the profit and loss account over its estimated economic life (not greater than 20 years). Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account.

3.7 Tangible assets and depreciation

Tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fit out, fixtures and fittings - 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the profit and loss account.

3.8 Impairment of tangible assets

The Company considers that each trading property is a separate cash generating unit ("CGU") and therefore considers every property for an indication of impairment annually. If there is such an indication, the Company calculates each property's recoverable amount and compares this amount to its book value. The recoverable amount is determined as the higher of 'value in use' and 'fair value less costs to sell'. If the recoverable amount is less than the book value, an impairment charge is recognised within the profit and loss account.

'Value in use' is calculated by projecting individual store pre-tax cash flows over the remaining useful life of the store, based on forecasting assumptions for the next three years and then applying the Company's long-term growth rate assumption. These cash flows are discounted using a pre-tax discount rate based on the Company's weighted average cost of capital.

'Fair value less costs to sell' is estimated by the directors based on their knowledge of individual stores and the markets they serve and likely demand from other retailers. The directors may also obtain valuations for property prepared by independent valuers and consider these in carrying out their estimate of 'fair value less costs to sell' for the purposes of testing impairment.

3.9 Pensions

The Company's employees participate in two defined benefit schemes operated by the Group to which the Company contributes in order to provide pension and other benefits expressed in terms of a percentage of pensionable salary. These schemes are disclosed in the financial statements of the sponsoring employer, Arcadia Group Limited.

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

3.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit 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.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.11 Stock valuation

Stock is stated at the lower of cost and estimated selling price less costs to sell and represents goods for resale. Cost represents actual purchase price and includes the direct costs of warehousing and transportation to stores. Provision is made where necessary for obsolete, slow-moving and defective stock.

3.12 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.

3.13 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.

3.14 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.15 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.

3.16 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at the transaction price. Such assets are subsequently measured at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

(ii) Financial liabilities

Basic financial instruments, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. Critical accounting judgements and estimation of 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) Impairment of tangible assets

The Company considers whether tangible assets are impaired. Where an indication of impairment is identified, the Company calculates the recoverable amount for each cash generating unit ("CGU") and compares this amount to its book value. This requires estimation of the future cash flows from the CGU and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

See note 6 for details of the current year impairment.

(ii) Impairment of goodwill

The Company considers whether goodwill is impaired. Where an indication of impairment is identified the Company estimates the recoverable value of the CGUs. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

See note 6 for details of the current year impairment.

(iii) Provision for onerous leases

Provision is made for future leasing obligations on the Company's loss-making stores. These provisions require management's estimate of the costs that will be incurred based on contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. See note 6 for details of the current year impairment.

5. Turnover

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

An analysis of turnover by geographical destination (to the Company's customer, not necessarily the end consumer) is as follows:

	2017	2016
	£000	£000
United Kingdom	**120,217**	130,703
Rest of the World	**1,261**	1,166
	121,478	131,869

6. Exceptional cost of sales

	2017	2016
	£000	£000
Provision for onerous leases on loss-making stores	**4,058**	2,843
Impairment of tangible assets	**326**	696
Impairment of goodwill	**383**	-
	4,767	3,539

As in the prior year, the Company has reviewed those leasehold stores currently making a loss to assess whether their future operating cash flows are projected to meet their rental and other property cost obligations. Where appropriate, the projected shortfall between the operating cash flows and the property costs for the period of the lease or, if earlier, to the expected date of disposal, has been provided for. The figure above reflects an increase in the provision which was recognised against leases in prior years of £3,083,000, and also an increase in the provision for new loss-making stores of £975,000. The resultant provision has been discounted to net present value at a rate of 4%.

The Company considers that each trading property is a separate cash generating unit ("CGU") and therefore considers every property for an indication of impairment annually. The Company calculates each property's recoverable amount and compares this amount to its book value. The recoverable amount is determined as the higher of 'value in use' and 'fair value less costs of disposal' and is discounted to net present value at a pre-tax discount rate of 9.4%. If the recoverable amount is less than the book value, an impairment charge is recognised. Having applied the above methodology, the Company has recognised an impairment charge of £326,000 (2016: £696,000) during the year. For further details see note 4(i).

The Company has also assessed the goodwill balance for indicators of impairment and recognised an impairment charge of £383,000 (2016: £nil) during the year.

The exceptional charges relating to onerous leases and tangible asset impairment are all recognised within exceptional cost of sales in the profit and loss account. The tax credit arising on these items is £848,000 (2016: £708,000).

7. Operating loss

The operating loss is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible assets	**842**	1,429
Impairment of tangible assets	**326**	696
Amortisation of goodwill	**94**	96
Loss on disposal of assets	**-**	3
Impairment of goodwill	**383**	-
Occupancy costs from Outfit Retail Limited	**7,415**	7,992
Property rentals paid	**6,213**	8,022
Service charge from Arcadia Group Limited	**10,045**	9,683
Stock recognised as an expense	**58,745**	61,573
Impairment of stock	**683**	611

Arcadia Group Limited, a fellow group undertaking, incurs distribution costs and administration expenses (including auditors' remuneration of £5,000 (2016: £5,000)) on behalf of the Company.

There were no non-audit services provided by the Company's auditor during the year (2016: none).

The property rental charge above represents a recharge from fellow group undertakings in relation to operating lease obligations that are borne by these fellow group undertakings.

8. Staff costs

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	**18,146**	19,727
Social security costs	**1,233**	1,328
Other pension costs (note 20)	**195**	231
	19,574	21,286

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

	2017 No.	2016 No.
Retailing activities	**1,487**	1,684

The average monthly number of full-time equivalent employees was 678 (2016: 762).

Service contracts are held by Arcadia Group Limited. Employment costs are recharged to the Company in full.

None of the directors received remuneration in respect of services to the Company during the financial year (2016: none).

9. Interest payable and similar expenses

	2017 £000	2016 £000
Unwind of discount rate on provisions (note 18)	**379**	627

10. Tax on loss

	2017 £000	2016 £000
Current tax		
UK corporation tax credit on loss for the year	**(714)**	(429)
Total current tax	**(714)**	(429)
Deferred tax		
Origination and reversal of timing differences	**10**	205
Adjustments in respect of prior years	**(21)**	5
Re-measurement of deferred tax - change in UK tax rates	**39**	79
Total deferred tax	**28**	289
Taxation on loss	**(686)**	(140)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.6% (2016: 20.0%). The differences are explained below:

	2017 £000	2016 £000
Loss before taxation	**(4,256)**	(1,306)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.6% (2016: 20.0%)	**(834)**	(261)
Effects of:		
Expenses not deductible	**130**	37
Adjustments in respect of prior years	**(21)**	5
Re-measurement of deferred tax - change in UK tax rates	**39**	79
Taxation on loss	**(686)**	(140)

The Company has entered into a group payment arrangement whereby Arcadia Group Limited undertakes to make corporation tax payments on behalf of all companies within the Arcadia group. Accordingly, at the year end the Company's corporation tax balance has been offset against amounts owed by group undertakings (note 15).

Factors that may affect future tax charges

The Finance Act 2016 was substantively enacted on 15 September 2016 and reduced the main rate of corporation tax to 18.0% from 1 April 2018 and to 17.0% from 1 April 2020. Closing deferred tax balances have therefore been valued at 17.0% or 18.0% (2016: 18.0% or 19.0%) depending on the date they are expected to fully unwind.

11. Intangible assets

	Goodwill £000
Cost	
At 28 August 2016	**1,914**
At 26 August 2017	**1,914**
Accumulated amortisation	
At 28 August 2016	**1,437**
Charge for the year	**94**
Impairment charge	**383**
At 26 August 2017	**1,914**
Net book value	
At 26 August 2017	**-**
At 27 August 2016	477

12. Tangible assets

	Retail fixtures and fittings £000
Cost	
At 28 August 2016	14,942
Additions	534
Disposals	(4,991)
At 26 August 2017	10,485
Depreciation	
At 28 August 2016	12,597
Charge for the year	842
Disposals	(4,991)
Impairment charge	326
At 26 August 2017	8,774
Net book value	
At 26 August 2017	1,711
At 27 August 2016	2,345

The cost of disposals and depreciation on disposals (retail fixtures and fittings) reflects the removal of £3,937,167 of fully depreciated assets no longer in use in the business.

13. Investments

	Investments in subsidiary companies £000
Cost and net book value	
At 28 August 2016 and 26 August 2017	**250**

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

Subsidiary undertakings

At 26 August 2017, the Company owned the whole of the issued ordinary share capital of the subsidiary undertakings below:

Name	Country of operation	Country of registration	Principal activity
Miss Selfridge Retail (Ireland) Limited	Ireland	Ireland	Fashion retailing
Miss Selfridge Properties Limited	United Kingdom	United Kingdom	Property investment

The registered office for Miss Selfridge Retail (Ireland) Limited is: 2 Grand Canal Square, Dublin 2, Ireland.

The registered office for Miss Selfridge Properties Limited is: Colegrave House, 70 Berners Street, London, W1T 3NL, United Kingdom.

14. Stocks

	2017 **£000**	Restated 2016 £000
Goods for resale	**12,746**	12,952

Stocks are stated after provision for impairment of £611,000 (2016: £883,000).

The restatement in 2016 is disclosed in note 23.

15. Debtors: amounts falling due within one year

	2017	2016
	£000	£000
Trade debtors	**6,291**	4,684
Amounts owed by group undertakings	**61,942**	66,087
Other debtors	**63**	55
Deferred tax asset (note 17)	**682**	710
Prepayments and accrued income	**797**	698
	69,775	72,234

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

Trade debtors are stated after provisions for impairment of £nil (2016: £nil).

16. Creditors: amounts falling due within one year

		Restated
	2017	2016
	£000	£000
Trade creditors	**11,482**	11,764
Taxation and social security	**2,231**	2,123
Other creditors	**1,169**	3,092
Accruals and deferred income	**2,025**	3,080
	16,907	20,059

The restatement in 2016 is disclosed in note 23.

17. Deferred taxation

	2017
	£000
At 28 August 2016	710
Charged to the profit and loss account	**(28)**
At 26 August 2017	**682**

17. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £000
Capital allowances	**682**
	682

18. Provisions

	Onerous leases £000
At 28 August 2016	**9,458**
Charged to the profit and loss account	**4,058**
Unwind of discount rate	**379**
Utilised in year	**(1,529)**
At 26 August 2017	**12,366**

The onerous lease provision relating to loss making stores is discounted at a rate of return of 4%. A decrease in the discount rate of 1% would result in an increase in the provision of approximately £124,000. Provision has been made for the remaining period of the leases, which on average is 6.4 years.

The exceptional charge of £4,058,000 reflects an increase in the provision which was recognised against leases in prior years of £3,083,000.

19. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Allotted and fully paid		
740 (2016: 740) ordinary shares of £1 each	**740**	740
260 (2016: 260) preference shares of £1 each	**260**	260
	1,000	1,000

20. Pension commitments

The Company's eligible employees participate in two defined benefit schemes operated by Arcadia Group Limited. 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. During the year, the Company contributed £nil (2016: £nil) to the above schemes.

An actuarial valuation of the defined benefit schemes referred to above, and carried out as at 26 August 2017 for the purposes of FRS 102 section 28, identified that the present value of their liabilities exceeded the market value of the schemes' assets by £299,662,000 (2016: £348,726,000). The detailed disclosures required by FRS 102 are provided for the Group as a whole in the consolidated financial statements of the Company's ultimate parent undertaking, Taveta Investments Limited.

The defined benefit schemes above are now closed to future accrual and eligible employees were offered the opportunity to join the Group's defined contribution scheme, to which the Company contributed £195,000 (2016: £231,000) in the financial year.

21. Related party transactions

The Company incurs recharges from a fellow subsidiary Top Shop/Top Man Properties Limited for property related costs. The charge from Top Shop/Top Man Properties Limited was £2,648,744 (2016: £2,453,000) during the year. The Company had an intercompany balance with Top Shop/Top Man Properties Limited of £nil (2016: £nil) at 26 August 2017.

22. Ultimate parent undertaking and controlling party

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

23. Prior year adjustment

During the year the Company reviewed its accounting policy in relation to recognition of foreign stock in transit and has restated the balance sheet as at 27 August 2016.

The effect of the restatement has been to increase stock by £2,451,000 and to increase trade creditors by the same amount.

There has been no impact on equity, profit and loss or cash flow as a result of the restatement.