From the Chair

Lesley Titcomb
Chief Executive
The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

4 December 2017

Dear Lesley,

Toys 'R' Us defined benefit pension plan

I write to you in respect of recent developments in the company and the implications for the defined benefit pension scheme.

In September the U.S. parent company filed for bankruptcy protection. Today it has been reported that the UK subsidiary proposes to launch a Company Voluntary Agreement (CVA) and close around 26 stores in the UK.\(^1\)

The latest accounts for Toys 'R' Us (UK) Ltd show that in the year ending 28 January 2017 it waived £584.5 million in loans owed to it by a firm in the British Virgin Islands, TRU (BVI) Finance 11 Ltd. The accounts state that this was “part of a group reorganisation.” The UK company’s loss before taxation for that year was £673.3 million.\(^2\)

The deficit in the defined benefit scheme as at 28 January 2017 was £18.4 million, up from £10.3 million the previous year. The accounts state that the “trustees will negotiate with the employer in late 2017 to continue the deficit recovery plan.”

The scheme’s accounts indicate that a full actuarial valuation was last carried out at 1 April 2007.\(^3\)

In light of the above, might you please answer the following:

1) What contact has TPR had with the scheme trustees and sponsoring employer since the U.S. parent filed for bankruptcy and the prospect of job losses and store closures in the UK first emerged?

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\(^1\) Hundreds of jobs at risk as Toys R Us plans to shut 26 stores, Sky News, 4 Dec 2017
\(^2\) Toys ‘R’ Us (UK) Ltd annual report and financial statements 28 Jan 2017 (company 05410173)
\(^3\) Toys ‘R’ Us Holdings Ltd annual report & financial statements 28 Jan 2017 (company 01826057)
2) In particular, what recent discussions has TPR had with the trustees and sponsor regarding the fulfilment of the recovery plan?

3) What is TPR's assessment of the impact of the write-off of the TRU (BVI) Finance 11 Ltd loan on the DB scheme? Is it materially detrimental to the scheme's funding position?

4) When did the scheme last submit a full actuarial valuation to you?

With best wishes,

Rt Hon Frank Field MP  
Chair