Toys 'R' Us executive remuneration and pension scheme

You will be aware of my recent correspondence with Graham Barker, Chair of Trustees of the Toys R Us Staff Pension and Life Assurance Scheme. Mr Barker confirmed that the trustee board was "not formally notified" of the waiving of £584.5 million in outstanding loans owed to Toys 'R' Us (UK) Ltd by a firm in the British Virgin Islands, TRU (BVI) Finance 11 Ltd, and has sought advice on what impact this may have on the scheme.

It has also recently been reported that payments to the UK head of Toys 'R' Us "soared from £356,000 in 2014 to £1m in 2015 and another £1.3m for the year ending 30 January 2016" and that the beneficiary of this surge in remuneration was the then Managing Director Roger McLaughlan. This occurred during a period of substantial operating losses for the company and sustained deficit in the staff pension scheme.

The company is now pursuing a CVA proposal which will entail around 26 store closures and has implications for the staff pension scheme. The scheme deficit as at 28 January 2017 was £18.4 million, up from £10.3 million the previous year.

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

1) How was the increase in remuneration for the managing director justified at a time of operating losses?
2) On what basis did the board determine the appropriate distribution of company resources to executive pay packets and the financing of employees' pension benefits respectively?

With best wishes,

Rt Hon Frank Field MP
Chair