

**HARRODS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**52 WEEKS ENDED 1 FEBRUARY 2003**

**Registered Number: 30209**



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## HARRODS LIMITED

### DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of Harrods Limited and its subsidiary companies ("the Group") for the 52 weeks ended 1 February 2003.

#### Principal Activity

The Group's activities consist principally of retailing in the United Kingdom. The Group operates the world-renowned department store in London. Other activities include concessions at London airports and export of branded merchandise to overseas department stores and airport terminals.

#### Directors and their Interests

The present Directors of the Company are:

M Al Fayed – Chairman  
A Fayed  
J Akeroyd (appointed 4.02.02)  
R L Assanand  
N C Blow (appointed 1.07.03)  
J Byrne  
X M Carr-Griffiths  
M Franzese (appointed 01.11.03)  
J P Healy (appointed 10.02.03)  
D R Parker (appointed 13.05.02)  
R Simonin (appointed 14.07.03)  
A Tanna

Other Directors who served during the period were:

N R Allen (appointed 05.06.02; removed 22.05.03)  
J A Brilliant (resigned 14.03.02)  
J Granville (resigned 30.04.03)  
R M Helvey (appointed 4.02.02; resigned 18.07.03)  
J L Macnamara (resigned 08.07.02)  
W C Najdecki (resigned 30.06.02)  
M S Wikstrom (resigned 26.02.03)  
S H Davie (appointed 30.09.02; resigned 12.11.03)

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

Apart from M Al Fayed and A Fayed, who are beneficially interested in the shares of the Company as described in Note 21, no other Director in office during the period held any beneficial interest in the shares of the Company, or of any of its subsidiary undertakings at 3 February 2002, at date of appointment or at 1 February 2003.

Except as disclosed in Note 22, no Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business of the Group or the Company.

#### Results and Dividends

Gross turnover for the 52 weeks ended 1 February 2003 totalled £530.0 million (2002-53 weeks: £526.3 million), and profit after taxation for the 52 weeks ended 1 February 2003 amounted to £9.4 million (2002: £17.5 million).

The Directors paid a dividend of £19 million (2002: £28 million) in respect of the period.

# **HARRODS LIMITED**

## **DIRECTORS' REPORT (Continued)**

### **Review of the Business and Future Developments**

The Directors consider the trading performance of the Group to be satisfactory. The Group faced difficult trading conditions throughout the year due to the general downturn in the world economy which affected tourism and travel to London.

The Directors expect market conditions to remain difficult during the coming year, due to the impact of current world events, but they consider the business to be well placed to overcome these.

### **Charitable and Political Donations**

The charitable donations made by the Group and charged in the accounts were £15,758 (2002: £11,465). There were no political donations.

### **Disabled Persons**

It is the policy of the Group to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

### **Employee Involvement**

Information is provided regularly to employees by means of normal management communication channels using written materials, face-to-face meetings and video presentations. The Store magazine 'The Harrodian Gazette' has been issued during the year and has been available to all employees.

Consultation with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. The Harrods Group Pension Plan has two member trustees amongst its trustee board. It also has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan. Written information about the Plan is regularly circulated to both current and potential members. Further details of the Plan are set out in Note 10 to the financial statements.

A general awareness of the Company's performance is maintained through regular half-hour training sessions for all staff and, through individual performance appraisals, employees are made aware of their individual contribution to the Company.

### **Policy on Payment of Creditors**

It is the Group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the Group's policy is to pay suppliers within 30 days of receipt of the goods or services.

The Group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. The Group takes on average 29 days to pay its creditors (2002: 30).

### **Auditors**

PricewaterhouseCoopers have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

# HARRODS LIMITED

## DIRECTORS' REPORT (Continued)


### Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 1 February 2003 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



S JERMAN  
Secretary

25 November 2003

Registered Office  
87-135 Brompton Road  
Knightsbridge  
London, SW1X 7XL

## **HARRODS LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARRODS LIMITED**

We have audited the financial statements of Harrods Limited for the period ended 1 February 2003 which comprise the consolidated profit and loss account, the note of historical cost profit and losses, the reconciliation of movement in shareholders' funds, the balance sheets, the consolidated cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 Auditors**

The Directors' responsibilities for preparing the Directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group or the Company are not disclosed.

We read other information contained in the Directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

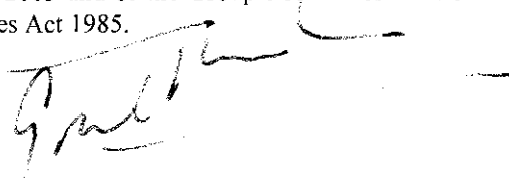
#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 1 February 2003 and of the Group's result for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**  
**London**  
**5 November 2003**

# HARRODS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT 52 WEEKS ENDED 1 FEBRUARY 2003

Note	52 weeks 1/2/03 £'000	Restated 53 weeks 2/2/02 £'000
<b>Gross Turnover</b>	529,951	526,347
Value added tax	(68,810)	(68,159)
<b>2 Turnover</b>	461,141	458,188
Cost of sales	(285,130)	(277,537)
<b>Gross Profit</b>	176,011	180,651
Distribution and store costs	(140,769)	(140,450)
Administrative expenses	(19,665)	(13,545)
<b>3 Operating Profit</b>	15,577	26,656
Share of loss of Associate undertaking (inc. goodwill amortisation)	-	(5,549)
Other income	400	469
<b>Profit before Exceptional Items, Interest and Taxation</b>	15,977	21,576
<b>4 Exceptional items</b>	10,117	14,194
<b>Profit before Interest and Taxation</b>	26,094	35,770
<b>5 Net Interest</b>	(19,125)	(13,722)
<b>Profit before Tax</b>	6,969	22,048
<b>6 Taxation</b>	2,443	(4,591)
<b>Profit after Tax</b>	9,412	17,457
<b>8 Dividends</b>	(19,000)	(28,000)
<b>Retained Loss transferred from Reserves</b>	(9,588)	(10,543)

All turnover and operating profits arise from continuing activities.

There were no recognised gains or losses in the period other than those reported above.

The movements on reserves are shown in Note 18.

The accompanying notes form an integral part of these financial statements.

# HARRODS LIMITED

52 WEEKS ENDED 1 FEBRUARY 2003

	52 weeks 1/2/03 £'000	53 weeks 2/2/02 £'000
<b>NOTE OF HISTORICAL COST PROFITS AND LOSSES</b>		
Reported profit on ordinary activities before taxation	6,969	22,048
Realisation of property revaluation gains of previous years	529	760
Difference between depreciation on historical cost and revalued basis	19	320
	<hr/>	<hr/>
Historical cost profit for the year before taxation	7,517	23,128
	<hr/>	<hr/>
Historical cost loss for the period retained after taxation and dividends	(9,040)	(9,463)
	<hr/>	<hr/>

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Profit on ordinary activities after taxation	9,412	17,457
Dividends	(19,000)	(28,000)
	<hr/>	<hr/>
Net reduction to shareholders' funds	(9,588)	(10,543)
Opening shareholders' funds	464,873	475,416
	<hr/>	<hr/>
Closing shareholders' funds	455,285	464,873
	<hr/>	<hr/>



# HARRODS LIMITED

## BALANCE SHEETS AT 1 FEBRUARY 2003

Note	Consolidated		Company	
	1/2/03 £'000	2/2/02 £'000	1/2/03 £'000	2/2/02 £'000
<b>Fixed Assets</b>				
11 Tangible assets	664,897	672,079	98,181	112,524
12 Investments	7,695	7,695	213,757	213,757
	<u>672,592</u>	<u>679,774</u>	<u>311,938</u>	<u>326,281</u>
<b>Non-Current Assets</b>				
14 Debtors due after one year	137,889	-	140,517	-
<b>Current Assets</b>				
13 Stocks	34,205	37,920	31,743	35,048
14 Debtors due within one year	20,190	144,367	25,192	143,379
Cash and bank balances	20,277	34,830	18,179	32,738
	<u>74,672</u>	<u>217,117</u>	<u>75,114</u>	<u>211,165</u>
<b>Creditors</b>				
15 Amounts falling due within one year	(82,117)	(82,090)	(68,940)	(66,394)
<b>Net Current (Liabilities)/Assets</b>	<u>(7,445)</u>	<u>135,027</u>	<u>6,174</u>	<u>144,771</u>
<b>Total Assets Less Current Liabilities</b>	803,036	814,801	458,629	471,052
<b>Creditors</b>				
15 Amounts falling due after one year	(340,248)	(336,785)	-	-
16 Provisions for Liabilities and Charges	<u>(7,503)</u>	<u>(13,143)</u>	<u>(7,920)</u>	<u>(12,367)</u>
	<u>455,285</u>	<u>464,873</u>	<u>450,709</u>	<u>458,685</u>
<b>Capital and Reserves</b>				
17 Called up share capital	19,200	19,200	19,200	19,200
18 Revaluation reserve	368,593	369,122	510	1,039
18 Profit and loss account	67,492	76,551	430,999	438,446
<b>Total Shareholders' Funds (inc. non-equity interests of £2)</b>	<u>455,285</u>	<u>464,873</u>	<u>450,709</u>	<u>458,685</u>

The accompanying notes form an integral part of these financial statements.

Approved by the Board on 25 November 2003.

  
A TANNA  
Director

# HARRODS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

	52 weeks 1/2/03 £'000	Restated 53 weeks 2/2/02 £'000
a) <b>Net Cash Inflow from Operating Activities</b>	43,214	51,619
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	10,148	8,955
Interest paid	(22,517)	(21,480)
Dividends received from fixed asset investments	400	500
Rent received from properties	-	(30)
	<u>(11,969)</u>	<u>(12,055)</u>
<b>Taxation paid</b>	<u>(5,493)</u>	<u>(5,564)</u>
<b>Capital Expenditure and Financial Investment</b>		
Purchase of tangible fixed assets	(18,417)	(26,477)
Disposal of tangible fixed assets	17,051	5,441
Movement in loans with group undertakings and related parties	(15,958)	(50,839)
	<u>(17,324)</u>	<u>(71,875)</u>
<b>Acquisitions and Disposals</b>		
Disposal of associate undertaking	<u>-</u>	<u>37,263</u>
<b>Equity Dividends Paid</b>	<u>(19,000)</u>	<u>(28,000)</u>
Net cash inflow before use of liquid resources and financing	(10,572)	(28,612)
c) <b>Financing</b>		
Proceeds from bank borrowings	-	12,069
Repayment of bank borrowings	(3,981)	(4,789)
	<u>(3,981)</u>	<u>7,280</u>
c) <b>Decrease in Cash</b>	<u>(14,553)</u>	<u>(21,332)</u>

The accompanying notes form an integral part of these financial statements.

# HARRODS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	52 weeks 1/2/03 £'000	Restated 53 weeks 2/2/02 £'000
<b>a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b>		
Operating profit	15,577	26,656
Depreciation charged	22,938	20,453
Write down of fixed assets	-	71
Profit on disposal of tangible assets	-	(3)
Relocation expenses	-	(1,237)
Decrease/(Increase) in stocks	3,715	(666)
(Increase)/Decrease in debtors	(668)	1,762
Increase in creditors	1,652	4,583
Net cash inflow from operating activities	<u>43,214</u>	<u>51,619</u>

The prior year cash flow statement has been restated to separate out cash flows relating to group undertakings and related parties from operating cash flows and accurately state financing cash flows.

	52 weeks 1/2/03 £'000	53 weeks 2/2/02 £'000
<b>b) Reconciliation of Net Cash Flow to Movement in Net Debt</b>		
Decrease in cash in the period	(14,553)	(21,332)
Cash outflow/(inflow) attributable to movement in debt	<u>3,982</u>	<u>(6,761)</u>
Movement in net debt in the period	(10,571)	(28,093)
Other non cash charges	(295)	(519)
Net debt at beginning of the period	<u>(305,937)</u>	<u>(277,325)</u>
Net debt at end of the period	<u>(316,803)</u>	<u>(305,937)</u>

	2/2/02 £'000	Cash Flow £'000	Other Non-cash charges £'000	1/2/03 £'000
<b>c) Analysis of Net Debt</b>				
Cash in hand and at bank	34,830	(14,553)	-	20,277
Bank loan	<u>(340,767)</u>	<u>3,982</u>	<u>(295)</u>	<u>(337,080)</u>
	<u>(305,937)</u>	<u>(10,571)</u>	<u>(295)</u>	<u>(316,803)</u>

Non-cash charges represent the amortisation of issue costs relating to the bank loan.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the Group's properties, and comply with applicable accounting standards.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous period apart from changes to the presentation of turnover as described below.

#### Turnover

Turnover is the amount receivable, excluding VAT, for goods and services supplied to customers and includes the sales of concession departments.

In previous years, VAT refunded on exports was reported as discounts to customers. The accounting treatment in this respect is now to set off the VAT on export refunds against VAT on export sales. The effect of this change in treatment is to reduce current year turnover and cost of sales by £10.4 million; impact on gross profit being £nil. The comparatives for the previous year have been restated to reflect the new accounting treatment, with turnover and cost of sales reduced by £9.6 million; impact on gross profit being £nil.

#### Basis of Consolidation

The consolidated financial statements include the results of the Company and its subsidiary undertakings.

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

#### Tangible Fixed Assets

Freehold and long leasehold properties are stated at cost or professional or Directors' valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. On adoption of FRS 15 in the 2001 accounts, the Group and the Company followed the transitional rules and ceased its previous policy of revaluing properties on a regular basis, instead retaining them at their current book values. The values brought forward are retained subject to the requirement to test assets for impairment in accordance with FRS 11. All additions thereafter are accounted for at cost.

Depreciation is provided by the Group and the Company in order to write down to estimated residual value (if any) the cost or valuation of tangible fixed assets over their estimated useful economic lives by equal annual instalments, as follows:

Land	Not depreciated
Certain freehold and long leasehold properties	35-50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3-20 years
Vehicles and equipment	4-7 years

It is the practice of the Group to maintain its properties to a high standard. Accordingly, for the Harrods department store in Knightsbridge, the Directors consider that the life of this asset is so long, and the residual value is so high, that the depreciation is immaterial. Any permanent diminution in the value of this property is charged to the profit and loss account as appropriate.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 1 Accounting Policies (Continued)

#### **Fixed Asset Investments**

The Group and the Company account for their fixed asset investments at the lower of cost or Directors' valuation less any provision required for permanent diminution in value.

#### **Leased Assets**

Rentals payable under operating leases are charged on a straight-line basis to the profit and loss account over the lease term.

#### **Deferred Taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

#### **Financial Instruments**

The Group uses derivative financial instruments, primarily to manage exposures to fluctuations in interest rates.

Discounts or premiums on financial instruments designated as interest rate hedges are reflected as adjustments to interest payable.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

Interest differentials, under which the amounts and periods for which interest rates on borrowings are varied, are reflected as adjustments to interest payable.

#### **Defined Contribution Pension Scheme**

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

#### **Defined Benefit Pension Scheme**

The Group and Company employees are members of the Harrods Holdings Group Pension Plan under which retirement benefits are funded by contributions from the Group and employees. Payment is made to the pension trust, which is separate from the Group, in accordance with calculations made periodically by consulting actuaries.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 1 Accounting Policies (Continued)

#### Defined Benefit Pension Scheme (continued)

The Group has taken advantage of the transitional provisions of FRS 17 'Retirement Benefits'. Accordingly the pensions charge has been calculated under the existing policy which is in accordance with SSAP 24 'Pension Costs' and disclosure has been made of the assets and liabilities of the scheme under FRS 17.

#### Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

### 2 Turnover and Segmental Analysis

Turnover is the amount receivable, excluding VAT, for goods and services supplied to customers and includes the sales of concession departments.

The Group conducts business in the following areas:

Business Analysis	Restated					
	52 weeks	53 weeks	52 weeks	53 weeks	1/2/03	2/2/02
	1/2/03	2/2/02	1/2/03	2/2/02	1/2/03	2/2/02
	£'000	£'000	£'000	£'000	£'000	£'000
	Turnover		Operating Profit/(Loss)		Net Operating Assets	
Retailing	459,620	456,211	15,666	26,218	792,578	809,065
Estate Agency	1,521	1,977	(89)	438	(404)	168
	<u>461,141</u>	<u>458,188</u>	<u>15,577</u>	<u>26,656</u>	<u>792,174</u>	<u>809,233</u>

Geographical Analysis	Restated	
	52 weeks	53 weeks
	1/2/03	2/2/02
	£'000	£'000
	Turnover by Destination	
United Kingdom	454,508	450,901
Rest of Europe	525	598
Japan	5,528	6,295
Other	580	394
	<u>461,141</u>	<u>458,188</u>

Turnover by destination and origin are not materially different.

All costs are incurred in the UK and all operating assets are held in the UK.

Net operating assets are stated excluding fixed asset investments, net debt and tax which amount to net liabilities of £339.5 million (2002: £344.4 million). All of these items are included in net assets.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

	52 weeks 1/2/03 £'000	53 weeks 2/2/02 £'000
<b>3 Operating Profit</b>		
Operating profit is stated after charging/(crediting):		
Depreciation on tangible fixed assets	22,938	20,453
Auditors' remuneration:		
Audit fees and expenses	188	180
Non-audit services (to previous auditors)	-	26
Rentals paid under operating leases:		
Property	188	140
Plant and machinery	500	491
Gains on foreign exchange	-	(357)
Royalty income	<u>(1,447)</u>	<u>(1,695)</u>

The audit fee of the Company was £128k (2002: £128k).

The non-audit services fees relate to accounting and taxation advice.

<b>4 Exceptional Items</b>		
Profit on sale of properties	10,117	1,613
Profit on sale of associated undertaking	-	13,818
Relocation expenses	<u>-</u>	<u>(1,237)</u>
	<u>10,117</u>	<u>14,194</u>

Cash proceeds during the year from the sale of these properties was £17.0m.

<b>5 Net Interest</b>		
<b>Interest Payable:</b>		
Loans from group undertakings	(6)	(52)
To third parties	(27,085)	(22,625)
Exceptional interest charge	(2,182)	-
<b>Interest Receivable:</b>		
From third parties	185	191
From group undertakings	<u>9,963</u>	<u>8,764</u>
<b>Net Interest Payable</b>	<u>(19,125)</u>	<u>(13,722)</u>

The exceptional interest charge represents the allocation of prior year interest in accordance with FRS 4.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

	52 weeks 1/2/03 £'000	53 weeks 2/2/02 £'000
<b>6 Taxation</b>		
<b>Current Tax</b>		
Taxation based on the profits for the period:		
Corporation tax at 30% (2002: 30%)	(63)	(1,347)
Group relief	(3,134)	(1,683)
Adjustment in respect of prior years	-	(2)
	<u>(3,197)</u>	<u>(3,032)</u>
<b>Deferred Tax</b>		
Deferred Tax credit/(charge)	<u>5,640</u>	<u>(1,559)</u>
Total tax benefit/(charge) for the period	<u><u>2,443</u></u>	<u><u>(4,591)</u></u>

### Factors affecting current period corporation tax

The current period corporation tax assessed for the period is higher (2002: lower) than the standard rate of corporation tax of 30% (2002: 30%) for the following reasons:

Profit before tax for the period	<u>6,969</u>	<u>22,048</u>
Corporation tax at the standard rate	(2,091)	(6,614)
Tax effect arising on the following:		
Expenses not deductible for tax purposes	(198)	(147)
Capital allowances less than depreciation	(3,029)	772
Income and expenses assessed/relieved on a cash basis	2,121	2,959
Adjustments to tax charge in respect of prior/(future) periods	-	(2)
<b>Current tax charge for the period</b>	<u><u>(3,197)</u></u>	<u><u>(3,032)</u></u>

## 7 Company Profit and Loss Account

As permitted by section 230 of the Companies Act 1985 the profit and loss account of Harrods Limited is not presented as part of the financial statements. Harrods Limited's profit for the year after taxation amounted to £11.0 million (2002: £13.9 million).

## 8 Dividends

### Equity – Ordinary

Interim paid: 9.9p (2002: 14.58p) per 10p share	<u>19,000</u>	<u>28,000</u>
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# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

Information regarding Directors and Employees	52 weeks 1/2/03 £'000	53 weeks 2/2/02 £'000
<b>Directors</b>		
Emoluments excluding pension contributions	2,090	2,981
Compensation for loss of office	266	538
	<u>2,356</u>	<u>3,519</u>
Emoluments of highest paid Director		
Emoluments	91	520
Compensation for loss of office	266	387
	<u>357</u>	<u>907</u>
Accrued pension of highest paid Director	-	-
There are 10 Directors to whom retirement benefits are accruing under a defined benefit pension scheme (2002: 9)		
<b>Staff Costs</b>		
Wages and salaries	75,554	79,514
Social security costs	6,033	6,528
Pension costs	6,756	5,635
	<u>88,343</u>	<u>91,677</u>
	<b>Number</b>	<b>Number</b>
Average weekly number of employees during the period:		
Production	435	450
Selling and Distribution	2,977	3,174
Administration	124	145
	<u>3,536</u>	<u>3,769</u>

## Pensions

### Pension schemes operated

Within the UK the Group principally operates two schemes:

- (i) The Harrods Holdings Stakeholder Scheme (the Scheme), which is an approved defined contribution scheme; it was established with Scottish Equitable plc on 1 May 2002.
- (ii) The Harrods Holdings Group Pension Plan (the Plan), which is an approved defined benefit scheme.

Membership of the Plan is no longer available to new employees on the staff scale, who join the Group on or after 1 May 2002, during the first five years of employment. Those employees are eligible to join the Scheme and can then elect to transfer to the Plan after five years continuous service. Those employees commencing on the management scale are eligible to apply for either the Scheme or the Plan.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 0 Pensions (continued)

The Harrods Holdings Group pays such contributions to the Scheme and the Plan as required in order to fund benefits for the members and pensioners. The assets of the Scheme and Plan are held in trust separately from the Harrods Holdings Group.

#### Regular pension costs under SSAP 24

##### *Defined Contribution Pension Scheme*

The pension cost under the defined contribution scheme amounted to £2,126 (2002: £nil). A pension accrual of £nil (2002: £nil) is included in the balance sheet in relation to this scheme.

##### *Defined Benefit Pension Scheme*

The Group's net pension charge for the Harrods Holdings Group Pension Plan for the 52 weeks to 1 February 2003 was £6.8 million (2002: £5.6 million) comprising a regular cost of £4.6 million plus a variation of £2.2 million. The variation arises in respect of the actuarial deficit, which is being spread over the average remaining working lives of employees who are members of the Plan. The pension charge for the year is greater than the actual contributions paid resulting in the following accrual in the balance sheet:

	1/2/03 £'000	2/2/02 £'000
The pension (accrual)/prepayment is as follows:		
Balance at beginning of period	(1,254)	53
Contributions paid	4,571	4,329
Charge to profit and loss account	(6,756)	(5,636)
Balance at end of period	<u>(3,439)</u>	<u>(1,254)</u>

An actuarial valuation of the Plan was carried out as at 6 April 2002 by qualified independent actuaries, Hewitt Bacon & Woodrow Limited. They assessed the Plan using the projected unit method and a market based valuation approach to ascertain its cost to the Group, having adopted the following financial assumptions:

Inflation Assumption	2.8%
Rate of Increase in Salaries	4.3%
Rate of Pension Increases	2.7%

Following the valuation, the Group agreed to increase contributions to the Plan from 10.0% of salaries to 13.9% of salaries with effect from 6 April 2003. From 6 April 2003, member contributions will increase from 3.5% to 5.0% of salaries for Staff Scale members and from 5.0% to 7.0% of salaries for Management Scale members.

At the date of the last actuarial valuation, the market value of the assets of the Plan was £177.7 million and the actuarial value of assets covered 98% of the benefits that had accrued to members, after allowing for expected increases in future earnings. The next scheduled actuarial valuation of the Harrods Holdings Group Pension Plan will be as at 6 April 2005.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### Pensions (continued)

#### Financial Reporting Standard 17 Disclosures

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, this note now includes the additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by FRS 17. The information required in connection with FRS 17 and the defined benefit scheme is detailed below.

An approximate actuarial assessment of the Plan was also carried out as at 1 February 2003 by the same qualified independent actuary as previously mentioned. The major assumptions used by the actuary were:

	% per annum	
	1/2/03	2/2/02
Discount Rate	5.4%	5.6%
Inflation Assumption	2.3%	2.3%
Rate of Increase in Salaries	3.8%	3.8%
Rate of Pension Increases	2.4%	2.4%

At 1 February 2003 the market value of the assets in the Plan, the expected long-term rate of return from them and the present value of Plan liabilities, all as defined in accordance with FRS 17 and valued by the Harrods Holdings Group's actuary were as follows:

	As at 1 February 2003		As at 2 February 2002	
	Harrods Group Pension Plan £m	Expected long-term rate of return % per annum	Harrods Group Pension Plan £m	Expected long-term rate of return % per annum
Equities	101.0	7.4%	128.1	7.8%
Corporate Bonds	24.6	5.4%	22.8	5.6%
Government Bonds	11.4	4.4%	22.3	4.8%
Other	2.4	4.4%	0.8	4.8%
Total Market Value of Assets	139.4		174.0	
Present Value of Plan Liabilities	(225.9)		(192.5)	
Deficit in the Plan	(86.5)		(18.5)	

The effect on the Harrods Holdings Group's net assets at 1 February 2003 had the Group adopted FRS 17 early, is shown in the accounts of Harrods Holdings Limited.

#### Further FRS 17 Disclosure

All other disclosures as required under FRS 17 are shown in the accounts of Harrods Holdings Limited.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

11 Fixed Assets – Tangible Assets		Freehold Land & Buildings £'000	Short Leasehold £'000	Fixtures, Fittings Vehicles & Equipment £'000
Consolidated Cost and valuation:	Total £'000			
At 2 February 2002	767,522	568,918	302	198,302
Additions	17,677	11,969	-	5,708
Disposals	(6,699)	(1,964)	(302)	(4,433)
Group transfers	19	-	-	19
At 1 February 2003	<u>778,519</u>	<u>578,923</u>	<u>-</u>	<u>199,596</u>
<b>Accumulated depreciation:</b>				
At 2 February 2002	95,443	6,303	302	88,838
Charge for year	22,938	4,282	-	18,656
Disposals	(4,778)	(68)	(302)	(4,408)
Group transfers	19	-	-	19
At 1 February 2003	<u>113,622</u>	<u>10,517</u>	<u>-</u>	<u>103,105</u>
<b>Net book value:</b>				
At 1 February 2003	<u>664,897</u>	<u>568,406</u>	<u>-</u>	<u>96,491</u>
At 2 February 2002	<u>672,079</u>	<u>562,615</u>	<u>-</u>	<u>109,464</u>
<b>Cost and Valuation</b>				
Valuation	564,935	564,935	-	-
Cost	<u>213,584</u>	<u>13,988</u>	<u>-</u>	<u>199,596</u>
	<u>778,519</u>	<u>578,923</u>	<u>-</u>	<u>199,596</u>

The value of fixed assets if determined according to the historical cost accounting rules is as follows:

### Consolidated Historical cost

At 1 February 2003	409,926	210,330	-	199,596
Depreciation on historical cost at 1 February 2003	<u>(113,583)</u>	<u>(10,478)</u>	<u>-</u>	<u>(103,105)</u>
Net book value at 1 February 2003	<u>296,343</u>	<u>199,852</u>	<u>-</u>	<u>96,491</u>
At 2 February 2002	398,401	199,797	302	198,302
Depreciation on historical cost at 2 February 2002	<u>(94,730)</u>	<u>(5,590)</u>	<u>(302)</u>	<u>(88,838)</u>
Net book value at 2 February 2002	<u>303,671</u>	<u>194,207</u>	<u>-</u>	<u>109,464</u>

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### Fixed Assets – Tangible Assets (continued):

Company	Total £'000	Freehold Land & Buildings £'000	Short Leasehold £'000	Fixtures, Fittings, Vehicles & Equipment £'000
<b>Cost and valuation</b>				
At 2 February 2002	195,442	5,114	302	190,026
Additions	16,238	-	-	16,238
Disposals	(3,470)	(1,964)	(302)	(1,204)
Group transfers	(10,619)	(153)	-	(10,466)
At 1 February 2003	197,591	2,997	-	194,594
<b>Accumulated depreciation</b>				
At 2 February 2002	82,918	166	302	82,450
Charge for year	17,872	50	-	17,822
Disposals	(1,396)	(68)	(302)	(1,026)
Group transfers	16	-	-	16
At 1 February 2003	99,410	148	-	99,262
<b>Net book value</b>				
At 1 February 2003	98,181	2,849	-	95,332
At 2 February 2002	112,524	4,948	-	107,576
<b>Cost and valuation</b>				
Valuation – 2000	2,069	2,069	-	-
Cost	195,522	928	-	194,594
	197,591	2,997	-	194,594

The value of fixed assets if determined according to the historical cost accounting rules is as follows:

<b>Company</b>				
<b>Historical Cost</b>				
At 1 February 2003	197,081	2,487	-	194,594
Depreciation to 1 February 2003	(99,371)	(109)	-	(99,262)
<b>Net book value</b>				
At 1 February 2003	97,710	2,378	-	95,332
At 2 February 2002	194,403	4,075	302	190,026
Depreciation to 2 February 2002	(82,860)	(108)	(302)	(82,450)
<b>Net book value</b>				
At 2 February 2002	111,543	3,967	-	107,576

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### Fixed Assets – Tangible Assets (continued):

Freehold properties are stated at cost or professional or Directors' valuation. On adoption of FRS 15 in the 2001 accounts, the Group and the Company followed the transitional provision rules and ceased its previous policy of revaluing its properties, instead retaining them at their current book values.

Some of the freehold properties of the Group were valued independently as at 31 December 1999. Those properties primarily occupied by the Group were valued on the basis of Existing Use Value and the remainder (principally residential and development properties) on the basis of Open Market Value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The Group's principal valuers were: Healey & Baker, International Real Estate Consultants, and W.A. Ellis, Estate Agents and Surveyors. The remainder of the freehold properties were revalued by the Directors as at 31 December 1999. These valuations were adopted by the Directors and incorporated in the financial statements at 29 January 2000. These valuations have not been updated. The Directors are not aware of any material change in value.

All other fixed assets are stated at cost.

Included in the cost element of Freeholds, Fixtures, Fittings, Vehicles and Equipment are costs incurred on unfinished projects at the year end amounting to £0.9 million (2002: £52.5 million) and £0.8 million (2002: £11.8 million) in the Group and the Company respectively.

### Fixed Assets – Investments

<b>Consolidated Cost/Valuation</b>	<b>Unlisted Investment £'000</b>
At 2 February 2002	7,695
Disposals	-
At 1 February 2003	<u>7,695</u>
Provisions at 2 February 2002 and 1 February 2003	<u>-</u>
<b>Net book value:</b>	
At 1 February 2003	<u>7,695</u>
At 2 February 2002	<u>7,695</u>

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 12 Fixed Assets – Investments (continued)

Company	Total £'000	Unlisted Investment £'000	Shares in Group Under- Takings £'000
<b>Shares at cost:</b>			
At 2 February 2002	214,196	2,250	211,946
Disposals	-	-	-
At 1 February 2003	214,196	2,250	211,946
Provisions at 2 February 2002 and 1 February 2003	(439)	-	(439)
<b>Net book value:</b>			
At 1 February 2003	213,757	2,250	211,507
At 2 February 2002	213,757	2,250	211,507

#### Unlisted investments:

##### Harrods Bank Limited

Harrods Bank Limited, a company registered in England, has been accounted for as an unlisted investment, due to it having independent management and control (in accordance with Bank of England direction in 1991), although the Group continues to retain 100% ownership through the non-voting shares. The consolidated investment of £7.7 million includes an amount of £5.4 million, which represents the share of post-acquisition reserves frozen at the point control transferred.

At 1 February 2003 the aggregate capital and reserves was £7.8 million (2002: £7.7 million) and the profit for the financial year ended 1 February 2003 was £0.5 million (2002: £0.5 million).

#### Shares in Group Undertakings:

The Group has the following wholly owned (100% of equity) trading and non-trading subsidiary undertakings which are registered and operate in the United Kingdom:

Name	Nature of Business
Harrods International Limited	International retailer & wholesaler
Harrods (Continental) Limited	Shipping & freight agency
Harrods Estates Limited	Estate agency
Harrods (Management) Limited	Non-trading
Harrods Property Holdings Limited	Holding Company
Harrods Property Limited	Property Management
Wylie and Company Limited	Non-trading
Harrods Card Handling Company Ltd	Non-trading

The whole of the share capital of Harrods Property Limited is held by Harrods Property Holdings Limited. The whole of the share capital of Wylie and Company Limited is held by Harrods International Limited.

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

	Consolidated		Company	
	1/2/03 £'000	2/2/02 £'000	1/2/03 £'000	2/2/02 £'000
<b>13 Stocks</b>				
Finished goods for resale	<u>34,205</u>	<u>37,920</u>	<u>31,743</u>	<u>35,048</u>
<b>14 Debtors</b>				
<b>Amounts due within one year:</b>				
Trade debtors	6,722	6,394	2,735	3,070
Amounts owed by group undertakings	2,123	123,329	11,899	126,896
Other debtors	4,514	11,302	4,206	10,646
Corporation tax	3,302	440	3,302	440
Prepayments and accrued income	<u>3,529</u>	<u>2,902</u>	<u>3,050</u>	<u>2,327</u>
	<u>20,190</u>	<u>144,367</u>	<u>25,192</u>	<u>143,379</u>
<b>Amounts due after one year:</b>				
Amounts owed by group undertakings	<u>137,889</u>	<u>-</u>	<u>140,517</u>	<u>-</u>
<b>15 Creditors</b>				
<b>Amounts falling due within one year:</b>				
Bank loans	(3,939)	(3,982)	-	-
Trade creditors	(31,922)	(32,454)	(31,148)	(31,413)
Amounts owed to group undertakings	(7,677)	(6,387)	(6,137)	(3,198)
Social security and other taxes	(10,013)	(9,003)	(9,989)	(8,919)
Other creditors	(11,728)	(15,214)	(7,380)	(12,398)
Pension contribution accrual	(3,439)	(1,254)	(3,158)	(1,159)
Accruals and deferred income	<u>(13,399)</u>	<u>(13,796)</u>	<u>(11,128)</u>	<u>(9,307)</u>
	<u>(82,117)</u>	<u>(82,090)</u>	<u>(68,940)</u>	<u>(66,394)</u>
<b>Amounts falling due after one year:</b>				
Bank loan	(333,141)	(336,785)	-	-
Accruals	<u>(7,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(340,248)</u>	<u>(336,785)</u>	<u>-</u>	<u>-</u>
<b>Bank loan with repayment dates:</b>				
In one year or less	(3,939)	(3,982)	-	-
Between one and two years	(3,895)	(3,939)	-	-
Between two and five years	(16,766)	(14,474)	-	-
Between five and ten years	(42,605)	(38,702)	-	-
Between ten and fifteen years	(68,802)	(63,015)	-	-
Between fifteen and twenty years	<u>(205,222)</u>	<u>(221,099)</u>	<u>-</u>	<u>-</u>
	<u>(341,229)</u>	<u>(345,211)</u>	<u>-</u>	<u>-</u>
Issue costs	5,021	5,021	-	-
Amortisation costs	<u>(872)</u>	<u>(577)</u>	<u>-</u>	<u>-</u>
	<u>(337,080)</u>	<u>(340,767)</u>	<u>-</u>	<u>-</u>
<b>Comprises:</b>				
Within one year	(3,939)	(3,982)	-	-
More than one year	<u>(333,141)</u>	<u>(336,785)</u>	<u>-</u>	<u>-</u>
	<u>(337,080)</u>	<u>(340,767)</u>	<u>-</u>	<u>-</u>



# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 15 Creditors

Amounts falling due after one year (continued):

The Group's bank debt consists of two separate loans. The first is repayable quarterly in arrears over 20 years with final payment of £150.0m due in November 2020. This loan is secured by way of fixed and floating charges over the Group's assets. Interest is linked to LIBOR. However, the Group entered into a swap arrangement to eliminate interest rate risk. The second bank loan (£5.4m) is repayable monthly in arrears over 5 years and is secured by way of fixed charges over identified Group assets. Interest is charged on a floating rate.

	Consolidated		Company	
	1/2/03	2/2/02	1/2/03	2/2/02
	£'000	£'000	£'000	£'000

### 16 Provisions for Liabilities and Charges

#### Deferred Taxation

Balance at beginning of the period	(13,143)	(11,584)	(12,367)	(11,745)
Transfer to/(from) profit and loss account	5,640	(1,559)	4,447	(622)
Balance at end of the period	<u>(7,503)</u>	<u>(13,143)</u>	<u>(7,920)</u>	<u>(12,367)</u>
Accelerated Capital Allowances	(8,450)	(13,502)	(8,888)	(12,715)
Other Timing Differences	947	359	968	348
	<u>(7,503)</u>	<u>(13,143)</u>	<u>(7,920)</u>	<u>(12,367)</u>

Other timing differences relate to tax relief of £947k (2002: £359k), which would arise if pension accrual were paid. In addition to the amount provided for deferred taxation, there are potential liabilities in respect of deferred taxation in relation to:

Revaluation of properties	<u>51,621</u>	<u>67,209</u>	<u>-</u>	<u>-</u>
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In the opinion of the Directors the potential taxation liability in respect of capital gains is unlikely to arise since the majority of the properties will be retained for use in the business. The availability of capital losses would reduce any liability, which could otherwise result from disposals.

### 17 Called up Share Capital

#### Authorised:

192,000,000 ordinary shares of 10p each	19,200,000	19,200,000	19,200,000	19,200,000
1 "A" Special Rights redeemable Preference share of £1	1	1	1	1
1 "B" Special Rights redeemable Preference share of £1	1	1	1	1
	<u>19,200,002</u>	<u>19,200,002</u>	<u>19,200,002</u>	<u>19,200,002</u>

#### Allotted and fully paid:

192,000,000 ordinary shares of 10p each	19,200,000	19,200,000	19,200,000	19,200,000
1 "A" Special Rights redeemable Preference share of £1	1	1	1	1
1 "B" Special Rights redeemable Preference share of £1	1	1	1	1
	<u>19,200,002</u>	<u>19,200,002</u>	<u>19,200,002</u>	<u>19,200,002</u>

# HARRODS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 17 Called up Share Capital (continued)

The A and B Special Shares have certain special control rights over the Company, rank in priority, at par, over the ordinary shares on winding-up, have reduced voting rights, and are redeemable at the option of the shareholders.

Included within the shareholders' funds of £455.3 million (2002: £464.9 million) is an amount in respect of non-equity interests of £2. All other amounts are attributable to the equity shareholders.

18 Reserves	Consolidated		Company	
	Revaluation Reserve £'000	Profit & Loss Account £'000	Revaluation Reserve £'000	Profit & Loss Account £'000
Balance at beginning of the period	369,122	76,551	1,039	438,446
Loss retained for the period	-	(9,588)	-	(7,976)
Revaluation realised on disposal	(529)	529	(529)	529
Balance at end of the period	<u>368,593</u>	<u>67,492</u>	<u>510</u>	<u>430,999</u>

£47 million of the Profit and Loss Account reserve in the Company is non-distributable.

19 Commitments	Consolidated		Company	
	1/2/03 £'000	2/2/02 £'000	1/2/03 £'000	2/2/02 £'000
Capital Commitments				
Contracted for but not provided	<u>2,053</u>	<u>16,092</u>	<u>1,508</u>	<u>16,092</u>

### Leasing Commitments – obligations under operating leases which expire

Consolidated	Plant & Machinery		Total	
	1/2/03 £'000	2/2/02 £'000	1/2/03 £'000	2/2/02 £'000
Within one year	183		183	143
Between one and five years	295		295	305
After five years	22		22	43
	<u>500</u>		<u>500</u>	<u>491</u>
Company	Land & Buildings		Plant & Machinery	
	1/2/03 £'000	2/2/02 £'000	1/2/03 £'000	2/2/02 £'000
Within one year	-	183	183	143
Between one and five years	-	295	295	305
After five years	26,530	22	26,552	26,533
	<u>26,530</u>	<u>500</u>	<u>27,030</u>	<u>26,981</u>

## HARRODS LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 19 Commitments (continued)

In addition to the above, the Company has commitments under concession agreements payable within one year amounting to £21.1 million (2002: £21.4 million). However, £2.6 million (2002: £2.2 million) of this balance is owed to subsidiaries of the Harrods Holdings Group.

#### 20 Contingent Liabilities

The Harrods Holdings Group's overdraft facility is guaranteed by Harrods Limited and other Group companies.

The Company is not aware of any contingent liabilities existing at balance date. The Group is involved in litigation in the ordinary course of business. However, in the opinion of the Directors, no material losses in excess of provisions made are likely to arise.

#### 21 Parent Undertakings

The Group's immediate parent undertaking is Harrods (UK) Limited. The immediate parent undertaking of Harrods (UK) Limited is Harrods Holdings Limited which is the largest group which consolidates the results of the Company. The Harrods Holdings Group accounts will be filed with the Registrar of Companies in due course.

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.

#### 22 Related Party Transactions

During the year the Group entered into transactions with a number of companies, which are under the control of the Group's ultimate controlling party. These companies comprise ACF Sevenoaks, Balnagowan Castle Properties Limited, Bocardo Societe Anonyme, Danamon Enterprises BV, Fulham Football Leisure Limited, Fulham Stadium Limited, Gallant Minerals Limited (formerly Harrods Minerals Limited), Gallant Minerals Services Limited (formerly Harrods Minerals Services Limited), Metro Energy Ltd (formerly Harrods Energy Limited), Harrods Energy (Thailand) Limited, Harrods Finance Trust Co SA, Gallant Minerals Mongolia Ltd (formerly Harrods Minerals (Mongolia) Limited), Harrods Natural Resources Inc, Metro Natural Resources Participations Ltd (formerly Harrods Natural Resources Limited), Scintilla Limited (formerly Harrods Online Limited), Metro Petroleum Corporation Ltd (formerly Harrods Petroleum Corporation Limited), Harrods Staff Benevolent Fund, Hyde Park Residence Limited, Liberty Holdings Limited (and subsidiaries), Mohafa Shipping, Prestige Properties SA, The Ritz Hotel Limited and Turnbull & Asser Limited (and subsidiaries). The transactions and balances with these companies are not considered to be material except as described below.

The Group charged trademark fees for the use of the Harrods name to Harrods Natural Resources Inc., Harrods Energy (Thailand) Limited, Harrods Finance Trust Co SA, Gallant Minerals Limited (formerly Harrods Minerals Limited), Gallant Minerals Services Limited (formerly Harrods Minerals Services Limited), Gallant Minerals Mongolia Ltd (formerly Harrods Minerals (Mongolia) Limited), Metro Natural Resources Participations Ltd (formerly Harrods Natural Resources Limited), Metro Energy Ltd (formerly Harrods Energy Limited) and Metro Petroleum Corporation Ltd (formerly Harrods Petroleum Corporation Limited) of £113,601 (2002: £208,896).

## HARRODS LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 22 Related Party Transactions (continued)

Turnbull & Asser Limited operates a concession in the Knightsbridge Store, on commercial terms, for which it was charged £312,556 (2002: £311,063). During the year the Group recharged payroll to Turnbull and Asser Limited amounting to £364,931 (2002: £338,305). The debtor outstanding at year end was £220,802 (2002: £214,562). The maximum debtor balance during the year was £220,802.

Fees in respect of marketing and advisory services levied to Prestige Properties S.A. during the year amounted to £1,304,089 (2002: £450,838). Trade debtors due from Prestige Properties S.A. at 1 February 2003 amounted to £1,437,224 (2002: £430,350). The maximum debtor balance during the year was £1,437,224.

During the year, the Group recharged payroll and made administration charges to Fulham Football Club (1987) Limited, amounting to £1,600,656 (2002: £75,019). The debtor outstanding at the year end was £367,014 (2002: £855). The maximum debtor balance during the year was £367,014.

Fees in respect of marketing and advisory services, received from Fulham Stadium Limited during the year amounted to £177,502 (2002: £52,875). Trade debtors due from Fulham Stadium Limited at 1 February 2003 amounted to £177,502 (2002: £nil). The maximum debtor balance during the year was £177,502.

All balances due to the Group from related parties were repaid in full after the year end.

Harrods Limited is a wholly owned subsidiary of Harrods Holdings Limited and, as permitted by Financial Reporting Standard 8 "Related Party Disclosures" transactions with other entities in the Harrods Holdings Group are not disclosed.