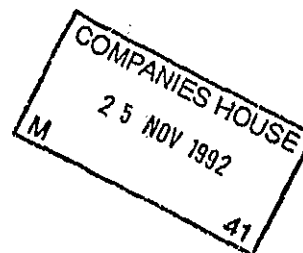


Company number: 30209

HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 25 JANUARY 1992



HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 25 JANUARY 1992

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## HARRODS LIMITED

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 25 January 1992.

#### **Directors**

The present directors of the Company are:

Mr. M. Al Fayed - Chairman  
Mr. A. Fayed

Mr. C. P. de Boer  
Mr. P. Bolliger  
Mr. M. D. Cole  
Mr. J. G. Hawkins  
Mr. A. R. Jennings - (appointed 1 August 1991)  
Mr. B. K. Lee  
Mr. M. S. Springett  
Mr. D. R. Webb - (appointed 7 June 1991)

Other directors who served during the period were:

Mr. S. Fayed - (resigned 12 September 1991)  
Mr. J. C. Bettermann - (resigned 14 May 1991)  
Mr. G. Willoughby - (resigned 31 August 1991)

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

#### **Principal Activity**

The Company continues to be responsible for the operation of the world renowned department store in London.

#### **Results and Dividends**

The results and dividends for the 52 weeks ended 25 January 1992 are as shown on page 8.

	£000
The profit available for distribution amounts to	9,589
from which a dividend has been paid of	(10,320)
	<hr/>
Leaving a deficit for the period of	<u>(731)</u>

Since the balance sheet date dividends of £11,467,000 relating to the 53 weeks ending 30 January 1993 have been paid out of distributable reserves.

## HARRODS LIMITED

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

#### **Review of the Business**

The directors consider the results for the period to be satisfactory. These results have been achieved during a period of difficult trading conditions, particularly during the first half of the year. During the period, redevelopment work has continued in the Store and significant additional selling space has been opened on the lower ground and fifth floors. The opening of the Egyptian Room created a great deal of interest and has focused attention on the new trading areas.

On 31 May 1991 the voting control of Harrods Bank Limited was transferred to The Law Debenture Trust Corporation plc as trustee, although Harrods Limited continues to retain its full economic interest in the Bank.

In June 1991, the Harrods' credit card operation was sold to GE Capital, one of the world's leading specialists in credit services.

#### **Fixed Assets**

Details of the movements in fixed assets are shown in Notes 8 and 9 to the financial statements.

#### **Revaluation of Properties**

A valuation of the majority, by value, of the freehold and long leasehold properties was carried out as at 25 January 1992, by Healey & Baker, International Real Estate Consultants, on the basis of open market value for the existing use and has been adopted by the directors. The remainder of the properties have been valued by the directors. These valuations showed a surplus of £16.7 million which has been credited to reserves and is shown in Note 15 to the financial statements.

#### **Directors' Interests**

Apart from Mr. M. Al Fayed and Mr. A. Fayed who are beneficially interested in the shares of House of Fraser Holdings plc, the ultimate parent company in the United Kingdom, none of the other directors in office at 25 January 1992 held any beneficial interest in the shares or debentures of House of Fraser Holdings plc or of any of its subsidiaries at 27 January 1991, or date of appointment if later, or at 25 January 1992. Certain directors hold non-beneficial qualification shareholdings as directors of House of Fraser plc which are disclosed in the Report and Accounts of that company.

## HARRODS LIMITED

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

#### **Directors' Interests (continued)**

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 Company.

#### **Charitable and Political Donations**

The charitable donations made by the Company and charged in the accounts were £48,764. There were no political donations.

#### **Health and Safety**

In accordance with the provisions of the Health and Safety at Work etc Act 1974, the Company has issued a written statement of its general policy with respect to the health, safety and welfare at work of its employees and the organisation and arrangements for carrying out that policy. The statement has been brought to the notice of all the employees of the Company.

#### **Disabled Persons**

It is the policy of the Company 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 "Harrods News" has been issued regularly during the year and has been available to all employees.

Consultations with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. The House of Fraser Pension Plan has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan.

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

HARRODS LIMITED

**DIRECTORS' REPORT (Continued)**

**The Environment**

The Company has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.


**Auditors**

Price Waterhouse 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.

**Close Company**

As at 25 January 1992, the Company was a Close Company within the meaning of Part XI, Chapter 1 of the Income and Corporation Taxes Act 1988.

By Order of the Board

  
S. Jermán  
Secretary  
19 March 1992

## *Price Waterhouse*



### AUDITORS' REPORT TO THE MEMBERS OF HARRODS LIMITED

We have audited the financial statements on pages 6 to 24 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 25 January 1992 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants and  
Registered Auditor

19 March 1992

## HARRODS LIMITED

### ACCOUNTING POLICIES

#### 1. Basis of financial statements

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

Group financial statements are not presented as the Company is a wholly owned subsidiary undertaking of House of Fraser plc, a company incorporated in Scotland.

#### 2. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on the basis of selling price less the appropriate trading margin.

#### 3. Depreciation of tangible fixed assets

Depreciation is provided by the Company in order to write down to estimated residual value (if any), the cost or valuation of fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Short leasehold buildings	-	Over estimated useful life
Fixtures and fittings	-	Over 10 years
Vehicles and equipment	-	Over 5 years

It is the practice of the Company to maintain its properties in a continual state of repair. Accordingly, the residual value, based upon prices at the time of revaluation, is at least equal to the current value and there is no charge for depreciation.

#### 4. Leased assets

Assets acquired under finance leases are capitalised so as to reflect the fair value of the asset acquired, and depreciated at a rate which is appropriate given the terms of the lease and life of the asset. The interest element of the rental charge is taken to profit and loss account in proportion to the capital element outstanding. Rentals paid under operating leases are charged to the profit and loss account over the lease term.

## HARRODS LIMITED

### ACCOUNTING POLICIES (Continued)

#### 5. Property development

In the case of major property development projects the interest on the capital borrowed to finance the project is, where separately identifiable and to the extent that it accrues during the period of development, capitalised as part of the cost of the asset.

#### 6. Property transfers

Tangible fixed assets are transferred to other group companies at their net book amount. Any associated revaluation surplus is transferred by way of a movement on reserves.

#### 7. Deferred taxation

Deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts, where a tax liability is expected to crystallise.

#### 8. Pensions

Retirement benefits for the present employees of the Company are funded by contributions from the Company and employees. Payment is made to a pension trust, which is financially separate from the Company, in accordance with calculations made periodically by consulting actuaries. Contributions are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the average remaining service lives of the group of employees in the scheme.

#### 9. Turnover

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

#### 10. Foreign currency

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

HARRODS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE 52 WEEK PERIOD ENDED  
25 JANUARY 1992

	Note	52 weeks Ended 25 January 1992 £000	52 Weeks Ended 26 January 1991 £000
TOTAL TURNOVER		327,305	359,294
Less: Value added tax		<u>33,593</u>	<u>40,592</u>
Turnover	1	<u>293,712</u>	<u>318,702</u>
OPERATING PROFIT	2	28,980	33,224
Other operating income	3	91	157
Interest payable	4	(16,060)	(17,625)
Income from investments		-	301
Exceptional items	5	883	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>13,894</u>	<u>16,057</u>
Taxation on profit on ordinary activities	6	(4,305)	(6,477)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>9,589</u>	<u>9,580</u>
Dividends paid		<u>(10,320)</u>	<u>(5,410)</u>
(DEFICIT)/RETAINED PROFIT 15		<u>(731)</u>	<u>4,040</u>

Movements on reserves are shown in note 15.

The Notes on pages 14 to 24 form part of these financial statements.

**HARRODS LIMITED****BALANCE SHEET AS AT 25 JANUARY 1992**

	Note	25 January 1992 £000	26 January 1991 £000
<b>Fixed assets</b>			
Tangible assets	8	427,548	405,729
Investments	9	2,275	8,791
		<u>429,823</u>	<u>414,520</u>
<b>Current assets</b>			
Stock	10	27,089	32,463
Debtors	11	11,610	50,168
Cash at bank and in hand		4,982	391
		<u>43,681</u>	<u>83,022</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year			
Trade creditors		(16,508)	(19,017)
Bank overdraft		-	(1,288)
Other liabilities	12	(50,771)	(83,300)
		<u>(23,598)</u>	<u>(20,583)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(23,598)</u>	<u>(20,583)</u>
<b>TOTAL ASSETS</b>			
<b>LESS CURRENT LIABILITIES</b>		<u>406,225</u>	<u>393,937</u>
Creditors: amounts falling due after more than one year	12	(1,033)	(1,697)
<b>Provisions for liabilities and charges</b>			
Deferred taxation	13	(3,000)	(5,977)
<b>TOTAL NET ASSETS</b>		<u>402,192</u>	<u>386,263</u>

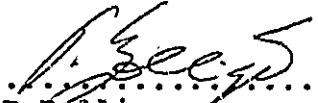
The Notes on pages 14 to 24 form part of these financial statements.


HARRODS LIMITED

BALANCE SHEET AS AT 25 JANUARY 1992

	Note	25 January 1992 £000	26 January 1991 £000
Capital and reserves			
Called up share capital	14	19,200	19,200
Revaluation reserve	15	301,472	284,812
Profit and loss account	15	81,520	82,251
		<u>402,192</u>	<u>386,263</u>

The financial statements were approved by the Board on 19 March 1992 and signed on their behalf by:

  
.....  
P Bolliger  
Director

  
.....  
J E Hawkins  
Director

The Notes on pages 14 to 24 form part of these financial statements.

# HARRODS LIMITED

## CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 25 JANUARY 1992

	52 WEEKS ENDED 25 JANUARY 1992 Note £000	52 WEEKS ENDED 26 JANUARY 1991 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	1 45,850	53,799
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Loan repayments received	-	1
Interest paid	(16,060)	(17,625)
Dividends paid	(10,320)	(5,540)
Dividends received	-	301
<u>Net cash outflow from returns on investments and servicing finance</u>	<u>(26,380)</u>	<u>(22,863)</u>
TAXATION		
Corporation tax paid	(72)	(159)
Group relief paid	(3,670)	(3,669)
ACT paid	(1,847)	-
Income tax paid	-	(76)
Foreign tax Paid	-	(3)
<u>Total tax paid</u>	<u>(5,589)</u>	<u>(3,907)</u>
INVESTING ACTIVITIES		
Purchase of investments	-	(1,069)
Expenditure on fixed assets	(14,621)	(32,336)
Receipts from the sale of fixed assets	767	118
Receipts from the sale of fixed asset investments	6,516	56
<u>Net cash outflow from investing activities</u>	<u>(7,338)</u>	<u>(33,231)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	<u>6,543</u>	<u>(6,202)</u>

The Notes on pages 14 to 24 form part of these financial statements.

HARRODS LIMITED

CASH FLOW STATEMENT FOR THE  
52 WEEKS ENDED  
25 JANUARY 1992

	52 WEEKS ENDED 25 JANUARY 1992 Note £000	52 WEEKS ENDED 26 JANUARY 1991 £000
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	<u>6,543</u>	<u>(6,202)</u>
FINANCING		
Repayments of amounts borrowed	-	(1,750)
Capital element of finance lease payments	(664)	(661)
<u>Net cash (outflow) from financing</u>	<u>(664)</u>	<u>(2,411)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2 <u>5,879</u>	<u>(8,613)</u>

The Notes on pages 14 to 24 form part of these financial statements.

HARRODS LIMITED

CASH FLOW STATEMENT FOR THE  
52 WEEKS ENDED  
25 JANUARY 1992

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of operating profit to net cash inflow from operating activities

	52 WEEKS ENDED 25 JANUARY 1992 £000	52 WEEKS ENDED 26 JANUARY 1991 £000
Operating profit	28,980	33,224
Other operating income	91	157
Exceptional items	883	-
Depreciation	8,698	6,709
Profit on disposal of assets	(3)	(45)
Decrease/(Increase) in stocks	5,374	(1,431)
Decrease/(Increase) in debtors	38,558	(4,963)
(Decrease)/Increase in creditors	(36,731)	20,148
<u>Net cash inflow from operating activities</u>	<u>45,850</u>	<u>53,799</u>

2. Analysis of changes in cash and cash equivalents

	25 January 1992 £000	26 January 1991 £000	Change £000
Balance brought forward	(897)	7,716	(8,613)
Net cash inflow/(outflow)	5,879	(8,613)	14,492
Balance carried forward	<u>4,982</u>	<u>(897)</u>	<u>5,879</u>

3. Analysis of cash and cash equivalents as shown in the balance sheet

	25 January 1992 £000	26 January 1991 £000	Change £000
Cash at bank and in hand	4,982	391	4,591
Overdrafts	-	(1,288)	1,288
	<u>4,982</u>	<u>(897)</u>	<u>5,879</u>

The Notes on pages 14 to 24 form part of these financial statements.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Turnover

Management responsibility for the export wholesale business was transferred from Harrods Limited to Harrods International Limited at the start of the period. These sales for the period ended 26 January 1991, totalled £5.4 million, the equivalent of which are reflected in the financial statements of Harrods International Limited for the period ended 25 January 1992.

	52 weeks Ended 25 January 1992 £000	52 Weeks Ended 26 January 1991 £000
2. Operating profit is arrived at as follows:		
Turnover	293,712	318,702
Cost of sales	<u>(186,336)</u>	<u>(200,534)</u>
Gross profit	107,376	118,168
Distribution and store costs	<u>(78,396)</u>	<u>(84,708)</u>
Administrative expenses	<u>-</u>	<u>(236)</u>
Operating profit	<u>28,980</u>	<u>33,224</u>
Included in the above are:		
Depreciation of tangible fixed assets	7,983	5,993
Depreciation of assets held under finance leases	715	716
Auditors' fees and expenses	96	96
Hire of plant and machinery	<u>413</u>	<u>408</u>
3. Other operating income		
Rental income	<u>91</u>	<u>157</u>
4. Interest payable		
On loans from the parent undertaking	15,790	17,268
On finance leases	<u>270</u>	<u>357</u>
	<u>16,060</u>	<u>17,625</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	52 weeks Ended 25 January 1992 £000	52 Weeks Ended 26 January 1991 £000
5. Exceptional items		
Profit on sale of credit card operation	1,356	-
Loss on property related transactions	(473)	-
	<u>883</u>	<u>-</u>

With effect from 27 January 1991, property related transactions, including surpluses on disposals of properties less associated costs, are reported as exceptional items. Previously these were treated as extraordinary.

### 6. Taxation

Taxation based on the profits for the period:

Group relief payable	7,210	3,670
Deferred taxation	(1,938)	2,510
Corporation tax	72	159
Foreign tax	-	3
Tax on franked investment income	-	76
Adjustments of provisions for earlier periods:		
Deferred tax	(1,039)	59
	<u>4,305</u>	<u>6,477</u>

The effective rate of taxation is 30.1% (1990/91 40.3%) based on the corporation tax rate for the period of 33.2% (1990/91 35%).

### 7. Information regarding directors and employees

#### Directors

Directors' remuneration:

Emoluments including pension contributions	469	329
Compensation paid to former directors for loss of office	-	136
	<u>469</u>	<u>465</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. Information regarding directors and employees (continued)

	52 weeks Ended 25 January 1992 £000	52 Weeks Ended 26 January 1991 £000
Emoluments of Chairman	-	-
Emoluments of highest paid director	<u>125</u>	<u>74</u>

The range of directors' emoluments and the number of directors within the range shown was:

	52 weeks Ended 25 January 1992	52 Weeks Ended 26 January 1991
£0 - £5,000	7	8
£10,001 - £15,000	-	3
£15,001 - £20,000	-	-
£20,001 - £25,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£65,001 - £70,000	1	-
£70,001 - £75,000	-	2
£75,001 - £80,000	2	-
£95,001 - £100,000	1	-
£125,001 - £130,000	1	-

	52 weeks Ended 25 January 1992 £000	52 Weeks Ended 26 January 1991 £000
<u>Employees</u>		

#### Employment costs:

Wages and salaries	45,507	49,745
Social security costs	3,643	4,662
Other pension costs	(1,769)	(198)
	<u>47,381</u>	<u>54,209</u>

## HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. Information regarding directors and employees (continued)

The average weekly number of employees during the period was 3,621 (1991: 4,207)

#### Pensions

The Company participates in the House of Fraser Pension Plan. The Plan is operated as a defined benefit group pension scheme in the U.K..

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

The regular pension cost charged to the profit and loss account is based on figures calculated for the group as a whole which are such as to spread the expected pension costs over the average remaining working lives of the group of employees who are members of the Plan. The regular cost is expressed as a level percentage of the current and expected future earnings using the "attained age" method of calculation. Surpluses or deficiencies are spread over the same average period as an adjustment to regular cost.

The pension cost charge is determined by qualified actuaries who are partners of Bacon & Woodrow, consulting actuaries. The credit for the period ended 25 January 1992 is based on the most recent actuarial valuation, which took place as at 5 April, 1991. Further details may be found in the accounts of House of Fraser plc.

The pension credit for the period was £1,768,870 (1990/91 credit - £198,234).

A prepayment of £1,254,129 (1990/91 provision - £526,289) is included in the accounts being the excess of the contributions paid over the pension cost during the period ended 25 January 1992 together with the provision at 26 January 1991 and interest thereon.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 8. Fixed assets - tangible assets

	Total £000	Freehold Land & Buildings £000	Long Lease- holds £000	Short Lease- holds £000	Fixtures Fittings, Vehicles & Equipment £000
Cost or valuation at 26 January 1991	430,753	361,387	1,400	1,865	66,101
Additions	14,608	7,962	-	112	6,534
Disposals	(2,281)	(470)	-	(112)	(1,699)
Group transfers	60	-	-	-	60
Reclassification	-	(8,003)	-	-	8,003
Revaluation	16,660	16,670	(10)	-	-
Cost or valuation at 25 January 1992	459,800	377,546	1,390	1,865	78,999
Aggregate depreciation to 26 January 1991	25,024	-	-	105	24,919
Charge for period	8,698	-	-	84	8,614
Disposals	(1,517)	-	-	-	(1,517)
Group transfers	47	-	-	-	47
Aggregate depreciation to 25 January 1992	32,252	-	-	189	32,063
Net book value at 25 January 1992	427,548	377,546	1,390	1,676	46,936
Net book value at 26 January 1991	405,729	361,387	1,400	1,760	41,182
<b>Analysis of cost or valuation:</b>					
1992 valuation	377,685	376,295	1,390	-	-
Cost	82,115	1,251	-	1,865	78,999
	459,800	377,546	1,390	1,865	78,999

The cost element of freehold land and buildings of £1.251m represents the cost incurred on unfinished projects at the period end.

Reclassification shows the amounts transferred to fixtures and fittings from projects completed during the period.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 8. Fixed assets - tangible assets (continued)

The majority by value of the freehold and long leasehold properties have been professionally valued as at 25 January 1992 by Healey & Baker, International Real Estate Consultants, on the basis of open market value for the existing use; the remainder of the properties have been valued by the directors. These values have been incorporated in the accounts with effect from 25 January 1992

The net book value of fixed tangible assets includes an amount of £1,970,612 (1991 - £2,686,114) in respect of assets held under finance leases.

Included in the cost of fixed tangible assets is £2,382,233 of capitalised interest (1991 - £2,237,381) of which £144,852 was incurred during the period. The taxation charge has been reduced in respect of this interest.

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

	Total £000	Freeholds £000	Long Lease- holds £000	Short Lease- holds £000	Fixtures Fittings, Vehicles & Equipment £000
Cost at 26 January 1991	145,941	77,875	100	1,865	66,101
Depreciation to 26 January 1991	(25,024)	-	-	(105)	(24,919)
Net historical cost at 26 January 1991	120,917	77,875	100	1,760	41,182
Cost at 25 January 1992	158,328	77,364	100	1,865	78,999
Depreciation to 25 January 1992	(32,252)	-	-	(189)	(32,063)
Net historical cost at 25 January 1992	126,076	77,364	100	1,676	46,936

## HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9. Fixed assets - investments

	Total Shares £000	Subsidiary Undertakings £000	Associated Undertakings £000
At cost and net book value:			
At 26 January 1991	8,791	2,275	6,516
Reclassification	-	(2,250)	2,250
Disposals	(6,516)	-	(6,516)
At 25 January 1992	2,275	25	2,250

#### Shares in subsidiary undertakings:

The Company has the following wholly owned trading and dormant subsidiary undertakings:

<u>Name</u>	<u>Registered</u>
Harrods Estates	England & Wales
Harrods International Limited	England & Wales
Harroddian Trustees Limited*	England & Wales
Harrods (Continental) Limited*	England & Wales
Harrods (Management) Limited*	England & Wales

\*denotes dormant subsidiary undertaking.

The subsidiary undertaking that has been reclassified as an associated undertaking as at 25 January 1992 is:

Harrods Bank Limited, an unlisted company incorporated in England and Wales. On the 31 May 1991, the voting control in Harrods Bank Limited was transferred to The Law Debenture Trust Corporation plc as trustee, although Harrods Limited continues to retain its full economic interest in the Bank.

The investment in Harrods Bank Limited has been treated as an associated undertaking as in the opinion of the directors this presents a true and fair view of the change in the structure of ownership and its impact on the results of Harrods Limited for the period.

The associated undertaking at 26 January 1991 was:

Mallett plc, a company listed on the London Stock Exchange, in which the Company held 29.9% of the issued ordinary share capital. The market value of the investment at that date was £4,660,000. This was transferred at net book value to the parent undertaking during the year.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10. Stocks

25 January 1992 £000	25 January 1991 £000
----------------------------	----------------------------

The main categories of stocks are:

Raw materials and consumables	105	237
Finished goods and goods for resale	26,984	32,226
	<u>27,089</u>	<u>32,463</u>

There was no significant difference between the replacement cost of stocks at 25 January 1992 and the amount at which they are stated in the accounts.

### 11. Debtors

Amounts due within one year:

Trade debtors	4,953	40,434
Amounts owed by group undertakings	2,781	5,454
Other taxes and social security	-	1,847
Other debtors	2,003	1,870
Prepayments and accrued income	459	495
Pension contributions prepaid	1,254	-
	<u>11,450</u>	<u>50,100</u>

Amounts due after more than one year:

Trade debtors	-	68
Amounts owed by group undertakings	160	-
	<u>11,610</u>	<u>50,168</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Creditors

	25 January 1992 £000	26 January 1991 £000
Amounts falling due within one year		
Amounts owing to group undertakings	27,739	56,214
Other taxes and social security	6,910	10,626
Other creditors	9,640	8,644
Advance corporation tax payable	-	1,847
Accruals and deferred income	6,482	5,969
	<u>50,771</u>	<u>83,300</u>
Amounts falling due after more than one year:		
Other creditors	<u>1,033</u>	<u>1,697</u>

13. Deferred taxation

Balance at 26 January 1991	5,977	3,415
(Credit)/Charge for the period	(2,977)	2,562
	<u>3,000</u>	<u>5,977</u>
Balance at 25 January 1992	<u>3,000</u>	<u>5,977</u>

Deferred taxation is in respect of accelerated capital allowances.

In addition to the amount provided for deferred taxation above, there are potential liabilities in respect of deferred taxation in relation to:

Capital allowances	6,000	6,000
Revaluation of properties	50,901	53,367
Corporation tax on capital gains	6,382	5,894
	<u>63,283</u>	<u>65,261</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 13. Deferred taxation (continued)

In the opinion of the directors the potential liabilities in respect of the reversal of capital allowances and capital gains are unlikely to arise since capital expenditure is expected to remain at a substantial level for the foreseeable future and the majority of the properties will be retained for use in the business. The availability of roll-over relief would eliminate any liability which could otherwise result from disposals.

Deferred taxation has not been provided in respect of the pension credit for the period ended 25 January 1992 as a tax liability will not crystallise as a result of any timing differences.

### 14. Called up share capital

	25 January 1992 £000	26 January 1991 £000
Ordinary shares of 10p each		
Authorised	<u>21,500</u>	<u>21,500</u>
Issued and fully paid	<u>19,200</u>	<u>19,200</u>

### 15. Reserves

	Revalua- tion reserve £000	Profit & loss account £000	Total £000
Balance at 26 January 1991	284,812	82,251	367,063
Deficit for the period	-	(731)	(731)
Net revaluation surplus	16,660	-	16,660
Balance at 25 January 1992	<u>301,472</u>	<u>81,520</u>	<u>382,992</u>

### 16. Capital commitments

	25 January 1992 £000	26 January 1991 £000
Contracted for but not yet provided	<u>3,382</u>	<u>13,506</u>

## HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. Contingent liabilities

The Company has given guarantees to various banks in respect of loan and overdraft facilities granted to other group undertakings amounting to £38.1 million (1990/91 £38.5 million). At 26 January 1992, the amount of those facilities utilised was £10.7 million (1990/91 £14 million).

#### 18. Leasing commitments

	25 January 1992 £000	26 January 1991 £000
Net obligations under finance leases are:		
within one year	656	656
between one and five years	1,033	1,697
	<u>1,689</u>	<u>2,353</u>

#### 19. Parent undertakings

House of Fraser plc, a company incorporated in Scotland, is the parent company of the House of Fraser plc Group, which is the smallest group to consolidate the results of the Company.

The parent company of the largest consolidating group is House of Fraser Holdings plc, a company incorporated in England and Wales.

The ultimate parent company is Alfayed Investment and Trust S.A., a company incorporated in Liechtenstein. The registered and beneficial owners of the whole of the share capital of that company are Messrs. M. Al Fayed, A. Fayed and S. Fayed.