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HARRODS LIMITED

FINANCIAL STATEMENTS

**For the Period ended
31 JANUARY 2009**

Company no 30209

HARRODS LIMITED
FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

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The directors present their report together with the audited consolidated financial statements of Harrods Limited and its subsidiary companies ("the group") for period ended 31 January 2009.

Principal activities

The group operates Harrods, the world-renowned store in Knightsbridge, London. Since the store first opened its doors in 1849, Harrods has always prided itself on a reputation for service excellence and for offering the finest quality merchandise. London's - and England's - largest department store, Harrods remains the finest, most exciting and fulfilling place to shop.

Other group activities include concessions at London's Heathrow and Gatwick airports, export of Harrods branded merchandise to overseas department stores and airport terminals, and direct sales via the internet at Harrods.com and through catalogues. The group also operates in the real estate business through Harrods Estates.

Results of ordinary activities before exceptional items

During the period ended 31 January 2009, group sales (on a transaction value basis) reached a record £751.7 million, up by over 9.0% compared to the prior period. Set against the tumultuous events of 2008 this is a very strong performance.

A number of factors have contributed to the sales growth including the success of the Knightsbridge store's customer loyalty programme, continued capital investment into the store and the introduction of new brands and boutiques.

Take-up of the Harrods store loyalty programme continued to be strong during the period, its second complete year. A significant number of new customers signed up, allowing them to benefit from the special services, offers and privileges of the Rewards programme.

Group capital expenditure on fixtures, fittings and equipment in the period totalled £24.0 million (2008: £16.1 million). In addition to this sum, Harrods benefited from the value of the very significant spend on shop fittings invested by partner brands.

A number of retail areas within the Knightsbridge store were opened or refurbished during the year, including those offering homewares, new boutiques in fashion, especially menswear, and a new champagne bar. The year also saw the commencement of trading of the Harrods shops in Heathrow's Terminal 5, including the ground-breaking Grand View Central store. Trading commenced on time at the end of March 2008 upon the opening of Terminal 5. Capital was also spent on operational processes including improving warehousing operations in Knightsbridge and ensuring compliance with the new Payment Card Industry Data Security Standard. The cost of the restoration of the terracotta façade to the whole of the front of the Knightsbridge store in 2008 has been included as an exceptional cost.

Further investments are also planned for 2009, including completion of the 18-month renewal of the menswear floors, the continued refurbishment of the Knightsbridge store's famous terracotta façades and new investment into the group's branded and own label operations at Heathrow Terminal 4. A programme of significant infrastructural work is also being undertaken, including an upgrade of Knightsbridge store's security systems and its heating and air conditioning plant.

Finally, customer service improvements continued to be delivered by the high quality staff employed by Harrods and its concession partners, providing a further point of difference to shopping at Harrods – both in the Knightsbridge store and in the airport outlets.

Results of ordinary activities before exceptional items (continued)

With the very volatile economy and trading conditions, the group has continued to adopt a cautious approach to managing costs and to conserving liquidity. The adverse impact of the high level of inflation during the year, energy price increases and the sudden fall in value of the pound seen in the first half of the year has in part been mitigated by a constant focus on costs and margins, including negotiations to hold or reduce costs as inflation subsided in the fourth quarter and beyond.

The Gross Profit Margin remained in line with the prior year. Overheads before exceptional items as a percentage of turnover increased by 1% over the prior year, led by investment – both in systems and in people – into the group's website over the year and increases in rent and utility charges.

Profit on ordinary activities before exceptional items and tax totalled £56.2 million (2008: £55.4 million) – a very strong performance in a year of many uncertainties. In addition to the activities already mentioned, much of the credit for this result must lie with the staff and teams who worked in and with the group companies during this period.

Principal business risks and uncertainties

The major business risks and uncertainties for the Harrods business relate to

- (i) Adverse economic conditions and other major events outside Harrods' control
- (ii) Damage or interruption due to natural disaster, war and terrorist activity
- (iii) Damage, loss or interruption of information systems
- (iv) The cost of funding pension scheme liabilities
- (v) Adverse movements in the euro and US dollar exchange rates

These risks are monitored regularly by the Directors and plans have been put in place to mitigate them as efficiently as possible. Cash and liquidity levels are actively reviewed. Disaster recover plans have been drawn up. Significant investment has been incurred – and more is planned – for further improving the Store's security and disaster recovery infrastructure. Foreign currency requirements are estimated in advance and forward positions entered into to up to one year in advance with the aim of providing predictable exchange rates for future decision making. In addition the group works with its internal audit function and with its insurers to identify and mitigate or remedy operational risks on an on-going basis.

Credit risk

The group's principal credit risk relates to the recovery of trade debtors, although it is not considered significant due to the nature of the business which is primarily a retail business with purchases settled at the time of the transaction.

Amounts owing from credit card companies represent more than half the group's trade debtors. However, the directors consider credit risk to be limited due to the terms of contract the group has with the credit card companies.

In order to manage credit risk relating to other trade debtors, subsidiary credit controllers and Directors review the aged debtors and collection history on a regular basis and take follow up action where required.

Credit risk (continued)

The group also has a significant loan to a related party. As described in note 26, the loan to Harrods Property Limited amounting to £295.0m (2008: £302.4m) is ultimately considered recoverable, based on a value-in-use approach of future expected cash flows. .

Currency risk

The group is exposed to foreign exchange risk on overseas purchasing.

Approximately 14% of the group's purchases are contracted in a foreign currency. Transaction exposures are hedged partially using forward currency contracts or currency options, up to one year in advance. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting in these financial statements.

Finally, the group accepts foreign currency in the Knightsbridge store and airport outlets and retains this currency to settle foreign currency obligations.

Interest rate risk

The group finances its operations principally through retained earnings as the group no longer has any significant external borrowings. Excess cash balances are placed on deposit to earn higher rates of interest.

Profit for the financial period and the dividend

The profit for the period after taxation amounted to £27.4m (2008: £34.0m). The directors did not pay a dividend in respect of the period (2008: £50.8m).

Directors

The present membership of the Board is set out below. All served on the Board throughout the period unless otherwise noted.

M AlFayed (Chairman)
A Fayed
O Fayed (resigned 3 March 2009)
R L Assanand
J Byrne
J P Healy
J MacArthur (resigned 12 January 2009)
M G McKee
D R Parker
B Smith
A Tanna
M Ward

Except as disclosed in note 26 no director has had a material interest, directly or indirectly, at any time during the period, in any contract significant to the business of the group or the company.

Employee involvement

Information is provided regularly by means of normal management communication channels using written material, face-to-face meetings and team presentations.

Consultation with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. Employees are made aware of their contribution to the group through team meetings and updates as well as through individual performance appraisals.

Pensions provision

Pension arrangements are provided for group employees through two pension schemes:

- (i) the Harrods Group Pension Plan, an approved defined benefit scheme that was closed to further accrual in April 2006
- (ii) the Harrods Retirement Savings Plan, which is an approved defined contribution scheme provided and managed by Fidelity International.

The Harrods Group Pension Plan ("the 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. Further details of the Plan are set out in note 24 to the financial statements.

In December 2006, a new funding agreement was signed with the trustee of the Plan which included a commitment by the group to fund the Plan's deficit on a scheme specific funding basis over 7 years. Accordingly, the Trustee of the Plan commissioned an actuarial valuation of the Plan as at 6 April 2007 on a scheme specific funding basis. The deficit on this basis was £67.5m as at 6 April 2007. In line with the agreement, contributions to the Plan by participating employers were set at £11.6m per annum.

As at 31 January 2009 the retirement benefit calculated in accordance with FRS 17 was a deficit of £14.0m net of deferred tax (2008: surplus of £9.2m).

The adverse impact of stock market declines and lower yields on gilts has had the effect of increasing the deficit on the group pension scheme, as measured on a Scheme Specific Funding basis, over the course of the year. Consequently, an agreement with the scheme Trustees has been entered into to make additional lump sum payments into the fund prior to the next formal scheme valuation in 2010.

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.

Charitable and political donations

The charitable donations made by the group and charged in the financial statements were £0.1m (2008: £0.1m). Charitable donations on behalf of Harrods group companies are in the main made by Harrods Holdings Limited, an indirect parent company of Harrods Limited. In the year ending 31 January Harrods Holdings Limited made charitable donations of £0.8m (2008: £0.8m). In addition, during the period the group supported various charities by hosting fundraising events within the Harrods store in Knightsbridge. There were no political donations.

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 after the end of the month of receipt of goods or services.

The group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. At period end the number of days payable outstanding was 46 days (2008: 43 days).

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for keeping proper accounting records that 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 1985. They 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.

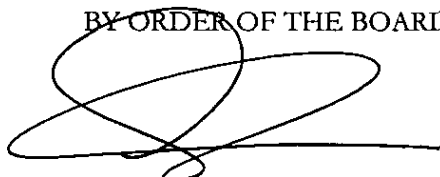
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HARRODS LIMITED
REPORT OF THE DIRECTORS

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line.

S Dean FCIS
Secretary
31 July 2009

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HARRODS LIMITED

We have audited the financial statements of Harrods Limited for the period ended 31 January 2009 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses and notes 1 to 27. 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 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 the directors and auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 company's circumstances, consistently applied and adequately disclosed.

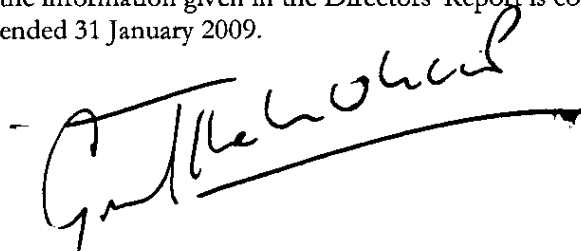
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**REPORT OF THE AUDITOR TO THE MEMBERS OF
HARRODS LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 January 2009 and of the group's profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the period ended 31 January 2009.

A handwritten signature in black ink, appearing to read 'Grant Thornton', is written over a horizontal line.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

LONDON
31 July 2009

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 United Kingdom accounting standards.

The principal accounting policies of the group have remained unchanged from the previous period and are set out below.

Basis of consolidation

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

Harrods Bank Limited, a company registered in England and Wales, has been accounted for as an unlisted investment, due to its having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through non-voting shares.

Turnover

Turnover is the total amount receivable by the group for goods and services provided, excluding VAT, trade discounts and concession sales.

When a transaction involves a number of goods and services, these are separately identified and income is recognised when earned.

Concession sales

In calculating turnover a distinction is made between transactions where the settler is deemed to act as principal and those where it is agent. Where concessionaires sell their goods through the group's retail operations, the group is considered to act as an agent. Accordingly, turnover for sales made under concessionary arrangements represent commission and other income receivable from the concessionaires.

Estimated sales returns

Turnover excludes the sales value of estimated returns. The group has recognised a provision for estimated refunds, representing an estimate of the value of the goods sold during the year which will be returned and refunded after the year end date.

Gross transaction value

In order to present a measure that provides a guide to the value of overall activity of the group, the gross transactions value (excluding VAT) is presented on the face of the profit and loss account. The gross value of sales to customers includes sales made by concessions but excludes discounts and returns.

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.

Tangible Fixed Assets and Depreciation

Freehold properties are stated at professional or director's valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. All additions thereafter are accounted for at cost. The carrying values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Fit out expenditure is stated net of supplier and concession contributions where relevant.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

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

Assets held for resale are classified within current asset, and are stated at the lower of cost or valuation, and net realisable value.

Fixed asset investments

The group accounts for its fixed asset investments at the lower of cost or directors' valuation less any provision required for permanent diminution in value.

Fixed asset investments in subsidiary undertakings are stated in the balance sheet of the company at the consolidated net asset value of those subsidiary undertakings, as the directors of the company believe that the subsidiaries' value is not materially less than their combined net asset value. Net surpluses are transferred to a non-distributable revaluation reserve, and net deficits are transferred from this reserve where investments have previously been revalued upwards.

Leased assets

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

Stocks

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

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 sheet date.

Deferred tax relating to defined benefit pension scheme surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date. Transactions 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.

Gains and losses on forward foreign exchange contracts used to manage foreign exchange exposure are carried forward and taken to the profit and loss account on maturity to match the underlying transactions.

Retirement benefit obligations

Defined Contribution Scheme

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

Defined Benefit Scheme

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

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet.

A net surplus is recognized only to the extent that it is recoverable by the company/group. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial returns on the pension fund, all reflected in the period to which they relate. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are recorded through the statement of recognised gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS 17 in note 24 to the accounts.

HARRODS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 JANUARY 2009

	Note	52 weeks ended 31 January 2009			52 weeks ended 2 February 2008		
		Ordinary activities before exceptional items £m	Exceptional items £m	Total £m	Ordinary activities before exceptional items £m	Exceptional items £m	Total £m
Gross transactions value		<u>751.7</u>	<u>-</u>	<u>751.7</u>	<u>688.3</u>	<u>-</u>	<u>688.3</u>
Turnover	1	464.0	-	464.0	437.0	-	437.0
Cost of sales		<u>(202.8)</u>	<u>-</u>	<u>(202.8)</u>	<u>(191.6)</u>	<u>-</u>	<u>(191.6)</u>
Gross profit		261.2	-	261.2	245.4	-	245.4
Distribution and store costs		<u>(207.4)</u>	<u>(4.0)</u>	<u>(211.4)</u>	<u>(193.5)</u>	<u>5.7</u>	<u>(187.8)</u>
Administrative expense		<u>(19.1)</u>	<u>-</u>	<u>(19.1)</u>	<u>(14.8)</u>	<u>-</u>	<u>(14.8)</u>
Other income		<u>9.4</u>	<u>-</u>	<u>9.4</u>	<u>7.6</u>	<u>-</u>	<u>7.6</u>
Operating profit	2	44.1	(4.0)	40.1	44.7	5.7	50.4
Loss on disposal of fixed assets	3	-	(1.9)	(1.9)	-	(2.2)	(2.2)
Income from other fixed asset investments		<u>0.3</u>	<u>-</u>	<u>0.3</u>	<u>0.4</u>	<u>-</u>	<u>0.4</u>
Profit on ordinary activities before interest		44.4	(5.9)	38.5	45.1	3.5	48.6
Net interest	4	<u>11.8</u>	<u>-</u>	<u>11.8</u>	<u>10.3</u>	<u>-</u>	<u>10.3</u>
Profit on ordinary activities before taxation		56.2	(5.9)	50.3	55.4	3.5	58.9
Tax on profit on ordinary activities	6	<u>(24.3)</u>	<u>1.4</u>	<u>(22.9)</u>	<u>(23.2)</u>	<u>(1.7)</u>	<u>(24.9)</u>
Profit on ordinary activities after taxation	17,18	<u>31.9</u>	<u>(4.5)</u>	<u>27.4</u>	<u>32.2</u>	<u>1.8</u>	<u>34.0</u>

All transactions arise from continuing operations.

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

HARRODS LIMITED
BALANCE SHEETS

	Note	Consolidated		Company	
		At 31 January 2009 £m	At 2 February 2008 £m	At 31 January 2009 £m	At 2 February 2008 £m
Fixed assets					
Tangible assets	9	71.5	66.0	66.0	61.1
Investments	10	7.7	7.7	13.6	13.7
		<u>79.2</u>	<u>73.7</u>	<u>79.6</u>	<u>74.8</u>
Non-current assets					
Debtors due after one year	12	415.3	408.3	415.8	409.0
Current assets					
Stocks	11	50.1	39.2	43.2	35.8
Debtors	12	30.2	20.4	32.2	20.4
Cash at bank and in hand		74.1	54.3	69.3	52.3
		<u>154.4</u>	<u>113.9</u>	<u>144.7</u>	<u>108.5</u>
Creditors: amounts falling due within one year	13	<u>(137.2)</u>	<u>(121.1)</u>	<u>(132.8)</u>	<u>(117.2)</u>
Net current assets/(liabilities)		<u>17.2</u>	<u>(7.2)</u>	<u>11.9</u>	<u>(8.7)</u>
Total assets less current liabilities		<u>511.7</u>	<u>474.8</u>	<u>507.3</u>	<u>475.1</u>
Creditors: amounts falling due after more than one year	14	(12.2)	(11.6)	(23.2)	(22.7)
Provisions for liabilities	15	(6.5)	(4.8)	(6.4)	(4.8)
Retirement benefit obligations	24	<u>(14.0)</u>	<u>9.2</u>	<u>(14.1)</u>	<u>8.7</u>
		<u>479.0</u>	<u>467.6</u>	<u>463.6</u>	<u>456.3</u>
Capital and reserves					
Called up share capital	16	19.2	19.2	19.2	19.2
Revaluation reserve	17	0.4	0.4	0.4	0.4
Profit and loss account	17	459.4	448.0	444.0	436.7
Shareholders' funds	18	<u>479.0</u>	<u>467.6</u>	<u>463.6</u>	<u>456.3</u>

The financial statements were approved by the Board of Directors on 31 July 2009.



B Smith - Director

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

HARRODS LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 JANUARY 2009

	Note	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Net cash inflow from operating activities before payments toward retirement benefit obligations	19	60.9	70.5
Payment towards retirement benefit obligations	24	(0.4)	(12.3)
Net cash inflow from operating activities		<u>60.5</u>	<u>58.2</u>
Returns on investments and servicing of finance			
Interest received		10.0	10.3
Dividends received from fixed asset investments		0.3	0.4
Net cash inflow from returns on investments and servicing of finance		<u>10.3</u>	<u>10.7</u>
Taxation paid		(14.3)	(9.6)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(24.4)	(16.7)
Disposal of tangible fixed assets		-	-
Movement in loans with group undertakings and related parties		(14.1)	10.5
Net cash outflow from capital expenditure and financial investment		<u>(38.5)</u>	<u>(6.2)</u>
Equity dividends paid		-	(50.8)
Financing			
Proceeds from borrowings		1.8	-
Net cash inflow from financing	20,21	<u>1.8</u>	<u>-</u>
Increase in cash	20,21	<u>19.8</u>	<u>2.3</u>

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

For the period ended 31 JANUARY 2009

Group Statement of Total Recognised Gains and Losses

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Profit for the financial period	27.4	34.0
Actuarial (loss)/gain on pension scheme	(21.9)	5.6
Deferred tax movement on actuarial gains and losses on pension scheme	5.9	(2.5)
Total recognised gains and losses for the period	11.4	37.1

Group Note of historical cost profits and losses

	2009 £m	2008 £m
Profit on ordinary activities before taxation	50.3	58.9
Historical cost profit on ordinary activities before taxation	50.3	58.9
Historical cost profit retained/transferred to reserves	27.4	34.0

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

1 Turnover and segmental analysis

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and concession sales, and arises principally from retailing activities.

Turnover by destination and origin are not materially different as follows:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Geographical analysis		
United Kingdom	458.8	431.3
Japan	3.6	4.4
Rest of Europe	0.2	0.2
Other	1.4	1.1
	464.0	437.0

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

2 Operating profit

The profit on ordinary activities before taxation is stated after:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Depreciation on tangible fixed assets	14.0	13.8
Rentals paid under operating leases:		
Property - rent payable to a related party (note 26)	41.4	39.6
Property – other	0.2	0.5
Plant and machinery	0.6	0.7
Exceptional refund of property rates	-	(5.7)
Exceptional cost of repairs to historic terracotta façade	2.5	-
Exceptional onerous lease provision (note 15)	1.5	-
Royalty (income)	(1.4)	(1.4)

The exceptional property rates refund relates to the claw-back of prior year rates overpayments.

For the period ended 31 JANUARY 2009

Operating profit (continued)

During the period, the group obtained the following services from the group's auditors:

	52 weeks ended 31 January 2009 £'000s	52 weeks ended 2 February 2008 £'000s
Fees payable for the audit of the company's financial statements	186.7	171.0
Fees payable for other services:		
- audit of subsidiary undertakings	98.2	76.0
- other services	6.8	-

3 Exceptional items

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Loss on disposal of other fixed assets	(1.9)	(2.2)
	(1.9)	(2.2)

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For the period ended 31 JANUARY 2009

4 Net interest

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Interest receivable:		
From group undertakings	8.1	8.6
Cash and bank balances	1.9	1.7
Other finance income (FRS 17, note 24)	1.8	-
Net interest receivable	11.8	10.3

5 Directors and employees

Group staff costs during the period were as follows:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Wages and salaries	93.3	87.4
Social security costs	9.8	9.2
Other pension costs	3.1	3.1
	106.2	99.7

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

Directors and employees (continued)

The average number of employees of the group during the period was:

	2009 Number	2008 Number
Production	399	447
Selling and distribution	2,714	2,542
Administration	132	134
	<u>3,245</u>	<u>3,123</u>

Company staff costs during the period were as follows:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Wages and salaries	86.3	80.9
Social security costs	9.0	8.5
Other pension costs	2.9	2.9
	<u>98.2</u>	<u>92.3</u>

The average number of employees of the company during the period was:

	2009 Number	2008 Number
Production	399	447
Selling and distribution	2,479	2,337
Administration	106	106
	<u>2,984</u>	<u>2,890</u>

In addition, the company employed an average of 25 (2008: 31) agency staff during the period at a cost of £0.4m (2008: £0.5m)

HARRODS LIMITED
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For the period ended 31 JANUARY 2009

Directors and employees (continued)

Remuneration in respect of directors was as follows:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Emoluments	6.4	5.8
	<u>6.4</u>	<u>5.8</u>

Included in emoluments for the period ended 31 January 2009 are pension contributions of £0.1m (2008: £0.1m).

The value of emoluments incurred directly by the company was £2.7m (2008: £3.1m). Emoluments incurred by the group's subsidiary undertakings was £0.3m (2008: £0.3m). Emoluments include £3.4m (2008: £2.4m) incurred by parent undertakings.

There are 6 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2008: 6) and 7 directors to whom retirement benefits are accruing under a defined contribution scheme (2008: 7).

The amounts set out above include remuneration in respect of the highest paid director as follows:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Emoluments	2.6	2.4
	<u>2.6</u>	<u>2.4</u>

The highest paid director's accrued pension at the period end was £nil (2008: £nil).

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents:

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Current tax		
Current tax charge	-	(8.5)
Group relief	(12.0)	(11.7)
	<u>(12.0)</u>	<u>(20.2)</u>
Over provision in respect of prior years	(1.3)	0.3
	<u>(13.3)</u>	<u>(19.9)</u>
Deferred tax		
Origination and reversal of timing differences	(0.2)	0.8
FRS 17 Deferred tax	(9.4)	(5.8)
	<u>(22.9)</u>	<u>(24.9)</u>

Total current tax for the period

52 weeks ended 31 January £m	52 weeks ended 2 February £m
--	--

Factors affecting the tax charge for period

The current period corporation tax assessed for the period is lower than the standard rate of corporation tax of 28% (2008: 30%) for the following reasons:

Profit on ordinary activities before tax	50.3	58.9
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008: 30%)	<u>(14.3)</u>	<u>(17.7)</u>
Effect of:		
(Expenses)/Income not (deductible)/assessable for tax purposes	(1.1)	0.8
Disposal of fixed assets	-	(0.7)
Capital allowances for the period in excess of depreciation	0.8	(0.5)
Transfer pricing adjustments	(7.8)	(8.2)
Over provision in respect of prior year	(1.3)	0.3
Income and expenses assessed/relieved on a cash basis	9.5	6.1
Group relief claimed	0.9	-
	<u>(13.3)</u>	<u>(19.9)</u>

For the period ended 31 JANUARY 2009

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 period after taxation amounted to £23.0m (2008: £34.0m).

8 Dividends

	52 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Equity - ordinary		
Interim paid: nil (2008: 265p) per 10p share	-	50.8

9 Tangible fixed assets

Consolidated

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost and valuation			
At 3 February 2008	1.4	216.0	217.4
Additions	-	24.0	24.0
Disposals	-	(4.7)	(4.7)
Written off	-	(2.6)	(2.6)
At 31 January 2009	1.4	232.7	234.1
Accumulated depreciation			
At 3 February 2008	0.2	151.2	151.4
Provided in the year	-	14.0	14.0
Disposals	-	(2.8)	(2.8)
At 31 January 2009	0.2	162.4	162.6
Net book amount at 31 January 2009	1.2	70.3	71.5
Net book amount at 2 February 2008	1.2	64.8	66.0

HARRODS LIMITED
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For the period ended 31 JANUARY 2009

Tangible fixed assets (continued)

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost and valuation			
Valuation	1.4	-	1.4
Cost	-	232.7	232.7
	1.4	232.7	234.1

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

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Historical cost at 31 January 2009	0.9	232.6	233.5
Depreciation on historical cost at 31 January 2009	(0.1)	(162.3)	(162.4)
Net book value at 31 January 2009	0.8	70.3	71.1
Historical cost at 2 February 2008	0.9	216.0	216.9
Depreciation on historical cost at 2 February 2008	(0.1)	(151.2)	(151.3)
Net book value at 2 February 2008	0.8	64.8	65.6

HARRODS LIMITED
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For the period ended 31 JANUARY 2009

Tangible fixed assets (continued)
Company

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost and valuation			
At 3 February 2008	1.4	209.0	210.4
Additions	-	22.5	22.5
Disposals	-	(4.7)	(4.7)
Written off	-	(2.6)	(2.6)
At 31 January 2009	1.4	224.2	225.6
Accumulated depreciation			
At 3 February 2008	0.2	149.1	149.3
Provided in the year	-	13.3	13.3
Disposals	-	(3.0)	(3.0)
At 31 January 2009	0.2	159.4	159.6
Net book amount at 31 January 2009	1.2	64.8	66.0
Net book amount at 2 February 2008	1.2	59.9	61.1
Cost and valuation			
Valuation	1.4	-	1.4
Cost	-	224.2	224.2
	1.4	224.2	225.6

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

For the period ended 31 JANUARY 2009

Tangible fixed assets (continued)
Company historical cost

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Historical cost at 31 January 2009	0.9	224.2	225.1
Depreciation on historical cost at 31 January 2009	(0.1)	(159.3)	(159.4)
Net book value at 31 January 2009	0.8	64.9	65.7
Historical cost at 2 February 2008	0.9	209.0	209.9
Depreciation on historical cost at 2 February 2008	(0.1)	(149.1)	(149.2)
Net book value at 2 February 2008	0.8	59.9	60.7

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 period end amounting to £33.6m (2008: £9.7m) in both the group and the company.

Netted off the cost of fixed assets are accumulated supplier and concession contributions amounting to £12.4m at the period end (2008: £8.4m). Of this amount, £5.4m (2008: £4.6m) had been taken to the profit and loss account by way of a reduction to accumulated depreciation.

10 Investments

Consolidated

	Unlisted investments £m
Shares at cost:	
At 3 February 2008 and 31 January 2009	7.7
Net book value at 31 January 2009	7.7
Net book value at 2 February 2008	7.7

HARRODS LIMITED
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For the period ended 31 JANUARY 2009

Investments (continued)
Company

	Unlisted investments £m	Shares in group under- takings £m	Total £m
Shares at cost:			
At 3 February 2008 and 31 January 2009	2.3	212.2	214.5
Provisions			
At 3 February 2008	-	(200.8)	(200.8)
Provided in the period	-	(0.1)	(0.1)
At 31 January 2009	-	(200.9)	(200.9)
Net book value at 31 January 2009	2.3	11.3	13.6
Net book value at 2 February 2008	2.3	11.4	13.7

Unlisted investments:

Harrods Bank Limited

Harrods Bank Limited, a company registered in England and Wales, 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 £7.7m includes an amount of £5.4m, which represents the share of post-acquisition reserves frozen at the point control transferred.

At 31 January 2009 the aggregate capital and reserves of Harrods Bank Limited was £8.0m (2008: £8.1m) and the profit for the period ended 31 January 2009 was £0.2m (2008: £0.3m).

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	Country of registration	Nature of business
Operating at 31 January 2009		Principal activity
Harrods International Limited	England and Wales	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Exporter
Harrods Estates Limited	England and Wales	Estate agents
Harrods Watches Limited	England and Wales	Wholesaler
PL Management Limited	England and Wales	Property management
Harrods Card Handling Company Limited	England and Wales	Merchant card handling
Featurecode 2A	England and Wales	Non-trading
Featurecode 2A Holdings	England and Wales	Non-trading

The whole of the share capital of Featurecode 2A is held by Featurecode 2A Holdings.

11 Stocks

	Consolidated		Company	
	At 31	At 2	At 31	At 2
	January	February	January	February
	2009	2008	2008	2008
	£m	£m	£m	£m
Finished goods for resale	<u>50.1</u>	<u>39.2</u>	<u>43.2</u>	<u>35.8</u>

A lien over inventory owned by Harrods Limited comprising goods held for re-sale has been granted to the trustee of the group's defined benefit pension scheme, as detailed in note 24.

12 Debtors

	Consolidated		Company	
	At 31	At 2	At 31	At 2
	January	February	January	February
	2009	2008	2008	2008
	£m	£m	£m	£m
Amounts falling due within one year:				
Trade debtors	12.6	10.2	10.9	8.2
Amounts owed by group undertakings	8.8	0.9	13.2	3.6
Other debtors	1.9	1.0	1.7	0.7
Prepayments and accrued income	6.9	8.3	6.4	7.9
	<u>30.2</u>	<u>20.4</u>	<u>32.2</u>	<u>20.4</u>
Amounts due after one year:				
Amounts owed by group undertakings	120.3	105.9	120.8	106.6
Loan to related party	295.0	302.4	295.0	302.4
	<u>415.3</u>	<u>408.3</u>	<u>415.8</u>	<u>409.0</u>

As described in note 26, in December 2006 the group granted a subordinated loan to Harrods Property Limited, which is under the common control of the group's ultimate parent undertaking (note 27). The debt is non-interest bearing and is repayable on demand by the lender. For the purposes of the group's tax calculation, an imputed interest charge is recognised as a non-cash transfer for tax purposes.

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13 Creditors: amounts falling due within one year

	Consolidated		Company	
	At 31 January 2009 £m	At 2 February 2008 £m	At 31 January 2008 £m	At 2 February 2008 £m
Trade creditors	71.1	58.2	69.4	56.7
Amounts owed to group undertakings	0.9	-	1.4	0.5
Secured borrowing (Note 14)	0.8	-	0.8	-
Social security and other taxes	7.4	7.9	7.3	7.8
Corporation tax payable	14.6	15.6	13.0	13.9
Other creditors	7.6	5.0	7.6	4.9
Accruals and deferred income	34.8	34.4	33.3	33.4
	<u>137.2</u>	<u>121.1</u>	<u>132.8</u>	<u>117.2</u>

14 Creditors: amounts falling due after more than one year

	Consolidated		Company	
	At 31 January 2009 £m	At 2 February 2008 £m	At 31 January 2008 £m	At 2 February 2008 £m
Amounts owed to group undertakings	-	-	11.0	11.1
Secured borrowing	1.0	-	1.0	-
Accruals and deferred income	11.2	11.6	11.2	11.6
	<u>12.2</u>	<u>11.6</u>	<u>23.2</u>	<u>22.7</u>

During the period, Harrods Limited entered into a three year chattel mortgage agreement to finance the acquisition of certain fixed assets amounting to £2m. At period end, the balance due under the agreement was £1.8m. The final repayment is due in October 2011.

15 Provisions for liabilities

Consolidated	Deferred taxation £m	Onerous Lease £m	Total £m
Balance at 3 February 2008	4.8	-	4.8
Transfer (to)/from profit and loss account	0.2	1.5	1.7
Balance at 31 January 2009	<u>5.0</u>	<u>1.5</u>	<u>6.5</u>

For the period ended 31 JANUARY 2009

Provisions for liabilities and charges (continued)

	Deferred taxation £m
Accelerated capital allowances	5.1
Other timing differences	(0.1)
Balance at 31 January 2009	<u>5.0</u>

Company

	Deferred taxation £m	Onerous Lease £m	Total £m
Balance at 3 February 2008	4.8	-	4.8
Transfer (to)/from profit and loss account	0.1	1.5	1.6
Balance at 31 January 2009	<u>4.9</u>	<u>1.5</u>	<u>6.4</u>

In the opinion of the directors, at 31 January 2009 the potential taxation liability in respect of capital gains is £nil (2008: £nil) due to the availability of capital losses. There are no other unprovided deferred tax amounts.

The onerous lease provision covers the estimated cost (including estimated potential costs of disposal) of certain leased property, discounted at an appropriate discount rate.

16 Called up share capital

	Consolidated		Company	
	At 31 January 2009 £m	At 2 February 2008 £m	At 31 January 2008 £m	At 2 February 2008 £m
Authorised:				
215,000,000 ordinary shares of 10p each	21.5	21.5	21.5	21.5
1 'A' special rights redeemable preference share of £1	-	-	-	-
1 'B' special rights redeemable preference share of £1	-	-	-	-
	<u>21.5</u>	<u>21.5</u>	<u>21.5</u>	<u>21.5</u>
Allotted and fully paid:				
192,000,000 ordinary shares of 10p each	<u>19.2</u>	<u>19.2</u>	<u>19.2</u>	<u>19.2</u>

17 Reserves

	Consolidated		Company	
	Revaluation	Profit and	Revaluation	Profit and
	reserve	loss	reserve	loss
	£m	account	£m	account
		£m		£m
Balance at 3 February 2008	0.4	448.0	0.4	436.7
Actuarial (loss)/gain on pension scheme	-	(16.0)	-	(15.7)
Profit for the period	-	27.4	-	23.0
Balance at 31 January 2009	<u>0.4</u>	<u>459.4</u>	<u>0.4</u>	<u>444.0</u>

At 31 January 2009, there is a balance of £2 (2008: £2) on the capital redemption reserve which arose upon the redemption of preference shares on 24 January 2007.

Included in the profit and loss account reserve is £68.8m (2008: £70.6m) which is non distributable.

18 Reconciliation of movements in shareholders' funds

	2009	2008
	£m	£m
Profit for the financial period	27.4	34.0
Dividends	-	(50.8)
Retained surplus / (deficit) for the period	<u>27.4</u>	<u>(16.8)</u>
Actuarial (loss)/gain on pension scheme	(16.0)	3.1
Net decrease in shareholders' funds	<u>11.4</u>	<u>(13.7)</u>
Shareholders' funds at 3 February 2008	<u>467.6</u>	<u>481.3</u>
Shareholders' funds at 31 January 2009	<u>479.0</u>	<u>467.6</u>

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19 Net cash outflow from operating activities

	52 weeks ended 31 January 2009 £m	52 Weeks ended 2 February 2008 £m
Operating profit before rent	81.5	90.0
Rent (note 2, note 26)	(41.4)	(39.6)
Operating profit	40.1	50.4
Depreciation	14.0	13.8
Non-cash write off of fixed assets	2.6	-
Increase in stock	(10.9)	(3.0)
Increase in debtors	(1.8)	(1.8)
Increase in creditors	16.9	11.1
Net cash inflow from operating activities	60.9	70.5

20 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 31 January 2009 £m	52 Weeks ended 2 February 2008 £m
Increase in cash in the period	21.6	2.3
Increase in borrowings	(1.8)	-
Increase in net cash in the period	19.8	2.3
Net cash at 3 February 2008	54.3	52.0
Net cash at 31 January 2009	74.1	54.3

21 Analysis of changes in net debt

	At 3 Feb 2008 £m	Cash flow £m	Other non- cash changes £m	At 31 Jan 2009 £m
Cash at bank and in hand	54.3	19.8	-	74.1
Secured borrowings	-	(1.8)	-	(1.8)
	<u>54.3</u>	<u>18.0</u>	<u>-</u>	<u>72.3</u>

22 Commitments

At 31 January 2009 the group had the following capital commitments:

	Consolidated		Company	
	At 31 January 2009 £m	At 2 February 2008 £m	At 31 January 2008 £m	At 2 February 2008 £m
Contracted for but not provided	<u>14.3</u>	<u>10.6</u>	<u>13.8</u>	<u>8.8</u>
Authorised but not contracted for	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There were no other capital commitments at 31 January 2009 or 2 February 2008.

Other Commitments

At 31 January 2009 the company had commitments under concession agreements with the British Airport Authority which were contracted for but not provided for in these financial statements of £1.1m as at the period end (2008: £1.1m). Commitments authorised but not contracted for totalled £8.9m (2008: £7.0m).

The adverse impact of stock market declines and lower yields on gilts has had the effect of increasing the deficit on the group pension scheme, as measured on a Scheme Specific Funding basis, over the course of the year. Consequently an agreement has been entered into with the scheme Trustees to make an additional lump sum payment into the fund of £10 million on or by 31 January 2010 and a further £10 million, if certain conditions are met, on or by 31 March 2010.

23 Contingent liabilities

The group participated in derivative financial instruments during the period to manage its foreign exchange exposure to the Euro and the US dollar. Through its hedging activities the group seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rates. The exposure on outstanding forward foreign exchange contracts at the period end was £14.2m (2008: £2.4m) and their fair value was £15.5m (2008: £2.5m) based on exchange rates prevailing at the period end. The exposure on outstanding call options at the period end was £15.3m (2008: £nil) and their fair value was £17.2m (2008: £nil) based on exchange rates prevailing at the period end. Premiums payable on delivery date of the call options amounted to £0.5m (2008: £nil) at period end.

The group is not aware of any material contingent liabilities existing at the balance sheet 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.

The Harrods Holdings Group and Harrods Aviation Group cash netting facility is guaranteed by Harrods Limited and other group companies.

There were no other contingent liabilities at 31 January 2009 or 2 February 2008.

24 Retirement benefit obligations

Pensions schemes operated

During the period the group principally operated two schemes:

- (i) the Harrods Retirement Savings Plan ("the Stakeholder Scheme"), which is an approved defined contribution scheme; it was established in April 2006 and is provided and managed by Fidelity International.
- (ii) the Harrods Group Pension Plan ("the Plan"), which is an approved defined benefit scheme.

Stakeholder scheme

The pension cost under the defined contribution scheme amounted to £3.1 m (2008: £3.1m). A pension accrual of £nil (2008: £nil) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme ("the Plan")

The employer closed the Plan to future accrual with the following changes taking place as of 5 April 2006:

- (i) the Plan was closed to all existing members and all new employees with the effect that members would not accrue future pension benefits under the Plan
- (ii) the existing accrued pension benefit of members is protected and preserved at its existing level as at 5 April 2006 and will be revalued until retirement as if the members had left the Group
- (iii) a new defined contribution pension scheme, the Harrods Retirement Savings Plan, was introduced with effect from 5 April 2006.

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Retirement benefit obligations (continued)

In December 2006, the Harrods Group agreed with the Trustee of the Plan that it will be fully funded on a scheme specific basis by 31 January 2014 (within seven years). The resulting Funding Agreement was entered into on 15 December 2006.

An actuarial valuation of the Plan as at 6 April 2007 on a Scheme Specific Funding basis was carried out by qualified actuaries Hymans Robertson. The deficit on this basis was £67.5m as at 6 April 2007. At that time the amended contributions, in order for the Plan to be fully funded by 31 January 2014, were agreed as follows:

- (i) monthly contributions totaling £10.6m per annum with effect from 1 October 2007
- (ii) monthly contributions totaling an estimated £0.7m per annum to fund administrative expenses of the Plan, with effect from 6 April 2007
- (iii) annual contribution estimated at £0.3m to fund the Pension Protection Fund levy and other such pension scheme levies as are payable by the employers and Trustee under the terms of the Pension Schemes Act 1993 and the Pensions Act 2004

Accordingly, during the period ended 31 January 2009, the participating employers made total contributions to the plan of £11.4m (total contributions in the previous year were £15.3m). In addition, £38.9m (2008: £26.9m) was released from an Escrow account in favour of the Plan and transferred to the Plan. All participating employers have contributed to these payments.

Recognising the risks inherent in the performance of the financial markets during the seven year deficit correction period, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

The funding position of the Plan is monitored by the Trustee and the Harrods Group on a quarterly basis and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

Amounts contributed by the Harrods Limited group are therefore summarized in the tables below.

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

Financial Reporting Standard 17 Disclosures

For the period ended 31 January 2009, the Group has applied the Amendment to FRS17 Retirement Benefits which is effective for accounting periods commencing on or after 6 April 2007. This amendment replaces the existing disclosure requirements with those of IAS 19.

Mercer, the new actuaries and administrators to the plan, as appointed by the Pension Trustees in 2008, carried out a valuation of the plan's assets and liabilities. The FRS17 liabilities of the plan as at 31 January 2009 were obtained by projecting forward the FRS17 liabilities as at 2 February 2008 calculated by Hymans Robertson, the previous actuaries.

The major assumptions used by the actuary were:

	% per annum		
	31 January 2009	2 February 2008	3 February 2007
Discount rate	6.7%	6.2%	5.3%
Inflation assumption	3.5%	3.5%	3.0%
Rate of increase in salaries	n/a	n/a	n/a
Rate of pension increases (LPI 5%)	3.4%	3.4%	2.9%
Rate of pension increases (LPI 2.5%)	2.3%	2.5%	2.5%
Longevity at age 60 for current pensioners			
- Men	26.8	26.7	24.6
- Women	29.8	29.6	27.6
Longevity at age 60 for future pensioners			
- Men	28.0	27.9	25.9
- Women	30.8	30.7	28.9

The sensitivities regarding these assumptions are as follows:

	Change in assumption	Effect on value of liabilities
Discount rate	Increase/decrease by 0.1% p.a.	Decrease/increase by 2.0%
Inflation assumption	Increase/decrease by 0.1% p.a.	Increase/decrease by 2.0%
Longevity	Increase by 1 year	Increase by 2%

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Retirement benefit obligations (continued)

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 qualified independent actuary were as follows:

	As at 31 January 2009		As at 2 February 2008		As at 3 February 2007	
	£m	Expected long-term rate of return % per annum	£m	Expected long-term rate of return % per annum	£m	Expected long-term rate of return % per annum
Equities	70.9	7.7%	83.5	7.1%	113.6	7.5%
Equity option	-	7.7%	10.1	7.1%	-	n/a
Corporate bonds	25.6	6.9%	23.8	6.2%	18.9	5.5%
Government bonds	42.3	4.2%	19.5	4.2%	23.1	4.6%
Total return investments	37.0	7.7%	40.4	7.1%	39.1	7.5%
Other	2.1		6.6	9.7%	9.4	9.8%
Cash earmarked for investment	-		38.8	7.1%	-	n/a
Cash	35.1	3.7%	1.0	4.95%	-	n/a
Total asset held by the Plan	213.0		223.7		204.1	
Monies held in Escrow	-		33.6	4.95%	40.6	4.8%
Total fair value of assets	213.0		257.3		244.7	
Present value of plan liabilities	(232.5)		(249.0)		(261.6)	
(Deficit)/surplus in the Plan	(19.5)		8.3		(16.9)	
Irrecoverable surplus	-		(8.1)		-	
(Deficit)/surplus recognised in balance sheet	(19.5)		0.2		(16.9)	
Related deferred tax asset	5.5		9.0		17.2	
Net pension (liability)/asset	(14.0)		9.2		0.3	

As required following changes to FRS17, the Plan assets at 31 January 2009 are shown at estimated bid value as either supplied by the relevant investment manager, where available, or using an adjustment factor applied by the Plan's investment consultant.

The reduction of the deferred tax asset of £3.5m has resulted in a deferred tax charge to profit of £9.4m and a credit to the statement of total recognised gains and losses of £5.9m.

Retirement benefit obligations (continued)

	31 January 2009 £m	2 February 2008 £m
Analysis of amounts charged to operating profit		
Current service cost	-	-
Effect of curtailments or settlements	-	-
Total operating credit	-	-
Analysis of amounts included as other finance costs		
Expected return on pension plan assets	(16.9)	(13.5)
Interest cost on pension plan liabilities	15.1	13.5
Net financial income	(1.8)	-
Analysis of amounts recognised in statement of total recognised gains and losses		
Actuarial (losses)/gains immediately recognised	(30.0)	13.7
Effect of surplus cap	8.1	(8.1)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(21.9)	5.6
Changes in the benefit obligation during the period were as follows:		
Benefit obligation at beginning of period	249.0	261.1
Interest Cost	15.1	13.5
Actuarial gains	(21.9)	(14.8)
Benefits paid	(9.7)	(10.8)
Benefit obligation at end of period	232.5	249.0

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

Changes in the plan assets during the period were as follows:	31 January 2009 £m	2 February 2008 £m
Fair value of plan assets at beginning of period	257.3	244.2
Expected return on plan assets	16.9	13.5
Actuarial losses	(51.9)	(1.1)
Monies paid from escrow account to plan	(31.2)	(21.6)
Monies paid to escrow account by employer	-	12.3
Employer contribution	31.6	20.8
Benefits Paid	(9.7)	(10.8)
Fair value of plan assets at end of period	<u>213.0</u>	<u>257.3</u>

The actual return on plan assets follows:

	Year to 31 January 2009 £m	Year to 2 February 2008 £m
Actual return on plan assets	<u>(35.0)</u>	<u>12.4</u>

History of experience gains and losses

The following disclosures provide five year history for the Harrods Limited group:

	31 January 2009 £m	%	2 February 2008 £m	%	3 February 2007 £m	%	28 January 2006 £m	%	29 January 2005 £m	%
Benefit obligation at end of year	(232.5)		(249.0)		(261.6)		(296.4)		(231.2)	
Fair value of plan assets at end of year	<u>213.0</u>		<u>257.3</u>		<u>244.7</u>		<u>189.7</u>		<u>152.2</u>	
(Deficit)/surplus in the plan	(19.5)		8.3		(16.9)		(106.7)		(79.0)	
Difference between actual and expected return on assets	(51.9)	(24.4%)	(1.1)	(0.4%)	2.2	0.9%	27.1	14.3%	4.8	3.2%
Experience (losses)/gains on plan liabilities	-		(4.2)	(1.7%)	(9.1)	(3.5%)	(2.3)	(0.8%)	-	-
Amount recognised in statement of total recognised gains and losses against liabilities	(21.9)	(9.4%)	5.6	2.2%	25.7	9.8%	(26.9)	(9.1%)	(7.6)	(3.3%)

Cumulative amount of gains/(losses) immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is a loss of (£17.5m) (2008: gain of £4.4m)

25 Leasing commitments

The group has annual commitments under operating leases which expire as follows:

	Consolidated		Company	
	31 January 2009	2 February 2008	31 January 2009	2 February 2008
	£m	£m	£m	£m
Land and buildings:				
Between one and five years	0.2	0.2	-	-
In five years or more	44.1	42.1	44.1	42.1
	<u>44.3</u>	<u>42.3</u>	<u>44.1</u>	<u>42.1</u>
	Consolidated		Company	
	31 January 2009	2 February 2008	31 January 2009	3 February 2008
	£m	£m	£m	£m
Other assets leases:				
Less than one year	0.2	0.1	0.2	0.1
Between one and five years	0.2	0.3	0.2	0.3
	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>

26 Transactions with directors and other related parties

During the period the group entered into transactions with a number of entities, which are under the control of the group's ultimate controlling party. These entities comprise Balnagown Castle Properties Limited, Fulham Football Club (1987) Limited, Fulham Stadium Limited, Gallant Minerals Services Limited, Harrods Property Limited, Hyde Park Residence Limited, Harrods Natural Resources Inc (and subsidiaries), Jasmine Di Milo Limited, Prestige Properties S.A., The Ritz Hotel Limited, Turnbull & Asser Limited (and subsidiaries) and Alfayed Charitable Foundation Limited. The transactions and balances with these entities are not considered to be material except as described below.

Harrods Limited is a wholly owned subsidiary of ATT UK Holdings Limited, and as permitted by Financial Reporting Standard No 8 "Related party disclosures" has not disclosed transactions with group undertakings.

During the period, stock amounting to £nil (2008: £0.1m) was sold to Balnagown Castle Properties Limited. Trade debtors due from Balnagown Castle Properties Limited at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £nil (2008: £0.1m).

During the period, the group recharged payroll and made administration charges to Fulham Football Club (1987) Limited, amounting to £0.2m (2008: £0.2m). The debtor outstanding at the period end was £0.1m (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £0.1m).

Fees in respect of marketing and advisory services, received from Fulham Stadium Limited during the period amounted to £nil (2008: £0.2m). Trade debtors due from Fulham Stadium Limited at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £0.1m).

For the period ended 31 JANUARY 2009

Transactions with directors and other related parties (continued)

Engineering, storage and general consulting charges billed to Hyde Park Residence Limited amounted to £0.1m (2008: £0.2m). Trade debtors due from Hyde Park Residence Limited at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £0.1m).

Jasmine Di Milo Limited operates a concession in the Knightsbridge Store, on commercial terms, for which it was charged £1.1m (2008: £0.6m). The debtor outstanding at period end was £0.3m (2008: £0.1m). The maximum debtor balance during the period was £0.5m (2008: £0.3m).

Fees in respect of marketing and advisory services levied to Prestige Properties S A during the period amounted to £nil (2008: £0.2m). Trade debtors due from Prestige Properties S A at 31 January 2009 amounted to £nil (2008: £0.1m). The maximum debtor balance during the period was £0.2m (2008: £0.1m).

During the period, the group charged payroll charges to The Ritz Hotel Limited amounting to £0.3m (2008: £0.3m). The debtor outstanding at period end was £0.1m (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £0.3).

The group charged Turnbull & Asser Limited £0.3m (2008: £0.3m) under commercial terms for the concession it operates in the Store. The debtor outstanding at period end was £nil (2008: £nil). The maximum debtor balance during the period was £nil (2008: £nil).

During the period, stock amounting to £0.1m (2008: £nil) was sold to the Alfayed Charitable Foundation. Trade debtors due from the Alfayed Charitable Foundation at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £nil (2008: £nil).

In December 2006, the group granted a subordinated loan to Harrods Property Limited. The loan is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan. The loan is non-interest bearing and is repayable on demand by the lender. At the period end, the loan outstanding was £295.0m (2008: £302.4m). The maximum receivable during the period was £302.4m (2008: £303.3m).

The Harrods Limited group continues as tenant under a lease with Harrods Property Limited which is for a term of 35 years from December 2006. This lease covers the Harrods store in Knightsbridge, the Harrods distribution centre near Heathrow and a number of ancillary Harrods properties used for trading operations. During the period the group was charged rent of £41.4m (2008: £39.6m) by Harrods Property Limited. At the period end, the balance of prepaid rent was £3.4m (2008: £3.0m).

There are no other related party transactions.

27 Ultimate parent undertaking

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

The ultimate parent undertaking is Mafco Holdings Limited, a company incorporated in Bermuda. All interests in the company continue to be controlled and held for the benefit of the Fayed family.