

HARRODS LIMITED

FINANCIAL STATEMENTS

**For the Period ended
29 JANUARY 2011**

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Company no 30209

HARRODS LIMITED
FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

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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 the 52 week period ended 29 January 2011

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. The group also operates in the real estate business through Harrods Estates Limited.

Results of ordinary activities before exceptional items

Results of ordinary activities before exceptional items

During the period ended 29 January 2011, group turnover (the sale of goods and services, excluding VAT, trade discounts and concession sales) reached £585.8 million (2010: £519.8 million), an increase of 13% over the prior year. At the Knightsbridge store, customer spend at the till (including concession sales and VAT) breached the £1 billion milestone for the first time in Harrods history just before the end of January.

A continued focus on customer service by Harrods talented colleagues and its concession partner teams, coupled with investment in services including Harrods Rewards loyalty scheme, By Appointment personal shopping, and interior design services have helped retain Harrods position at the forefront of luxury retailing in 2010. The year also saw another raft of exclusive launches and the introduction of exciting new brands and boutiques.

Further significant capital expenditure on the Knightsbridge store by Harrods and its partners has also contributed to the year's growth. Group capital expenditure on fixtures, fittings and equipment in the period totalled £32.7 million (2010: £35.6 million). As in previous years, in addition to this sum Harrods benefited from the value of the very significant spend on shop fittings invested by partner brands.

Profit on ordinary activities before exceptional items and tax totalled £108.3 million (2010: £77.7 million).

Principal business risks and uncertainties

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

- (i) The risk to the business from direct or indirect terrorism, domestic or international
- (ii) Reputational risk
- (iii) Business continuity plans not working as envisaged
- (iv) Unfavourable economic or political conditions in countries of core customers' origin

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 recovery 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. 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.

The group also has a significant loan to a related party, Harrods Property Limited, amounting to £286.5m (2010 £286.4m). This loan has been assessed by the directors and has been considered recoverable (note 26).

Currency risk

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

Approximately 9.7% 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 through retained earnings as the group has no significant external borrowings. Excess cash balances are placed on deposit to earn higher rates of interest.

Future developments and going concern

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have every expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Profit for the financial period and the dividend

The profit for the period after taxation amounted to £78.5m (2010 £53.7m). The directors paid a dividend to the company's immediate parent, Harrods (UK) Limited of £22.7m in respect of the period (2010 £14.1m).

Directors

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

M Al Fayed (resigned 07 05 10)

A Fayed (resigned 07 05 10)

O Fayed (appointed 09 04 10, resigned 07 05 10)

A Tanna (resigned 07 05 10)

J Byrne (resigned 28 11 10)

R L Assanand

J P Healy

M G McKee

D R Parker

B Smith

M Ward

His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani (appointed 07 05 10)

H Al-Abdulla (appointed 07 05 10)

K Al-Kuwari (appointed 07 05 10)

A M Al-Sayed (appointed 07 05 10)

K Maamria (appointed 13 10 10)

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.

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 (2010 £0.1m). 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 37 days (2010 41 days).

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Directors' Responsibilities Statement (continued)

In so far as each of the directors is 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 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.

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



B Smith
Director
July 26, 2011

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HARRODS LIMITED**

We have audited the financial statements of Harrods Limited for the period ended 29 January 2011 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the group statement of total recognised gains and losses, and notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.fic.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 January 2011 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

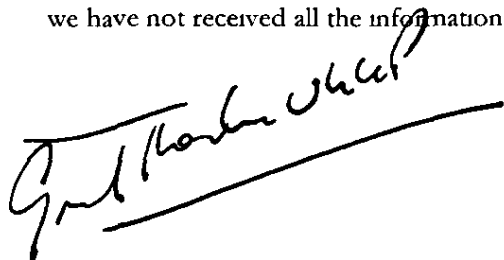
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HARRODS LIMITED****Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon Lowe
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

27 July 2011

Basis of Preparation

The financial statements have been prepared under the historical cost convention 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 seller 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, only commission and other income receivable from the concessionaires is presented within turnover

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

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

All tangible fixed assets are stated at cost less accumulated depreciation. 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

Tangible Fixed Assets and Depreciation (continued)

Land	Not depreciated
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

Fixed asset investments

The group accounts for its fixed asset investments at the historic cost less any provision required for permanent diminution in value

Leased assets

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

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

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 or at contracted forward rates. Transactions in foreign currency are translated at exchange rates ruling at the transaction date or at contracted forward rates. Realised gains and losses are dealt with in the profit and loss account

Loyalty points

Loyalty points are treated as a deduction in sales as part of the fair value of consideration received is deferred and subsequently recognised when the award is redeemed. The fair value of the points awarded is determined with reference to the fair value of the customer redemption rate. In the prior year, loyalty points were accounted for using a cost based model and the effect of the change has been disclosed in note 3

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 FRS17 in note 24 to the accounts

HARRODS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 29 JANUARY 2011

	Note	52 weeks ended 29 January 2011			52 weeks ended 30 January 2010		
		Ordinary activities before exceptional items £m	Exceptional Items (Note 3) £m	Total £m	Ordinary activities before exceptional items £m	Exceptional Items (Note 3) £m	Total £m
Turnover	1	585.8	-	585.8	519.8	-	519.8
Cost of sales		(256.2)	-	(256.2)	(221.5)	-	(221.5)
Gross profit		329.6	-	329.6	298.3	-	298.3
Distribution and store costs		(229.8)	3.3	(226.5)	(223.0)	(1.2)	(224.2)
Administrative expense		(13.6)	-	(13.6)	(15.9)	-	(15.9)
Other income	2	12.7	-	12.7	11.2	-	11.2
Operating profit	2	98.9	3.3	102.2	70.6	(1.2)	69.4
Loss on disposal of fixed assets	3	-	(2.6)	(2.6)	-	(0.3)	(0.3)
Profit on ordinary activities before interest		98.9	0.7	99.6	70.6	(1.5)	69.1
Net interest	4	9.4	-	9.4	7.1	-	7.1
Profit on ordinary activities before taxation		108.3	0.7	109.0	77.7	(1.5)	76.2
Tax on profit on ordinary activities	6	(32.7)	2.2	(30.5)	(22.8)	0.3	(22.5)
Profit on ordinary activities after taxation	17, 18	75.6	2.9	78.5	54.9	(1.2)	53.7

All transactions arise from continuing operations

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

HARRODS LIMITED
BALANCE SHEETS

		Consolidated		Company	
		At 29	At 30	At 29	At 30
	Note	January	January	January	January
		2011	2010	2011	2010
		£m	£m	£m	£m
Fixed assets					
Tangible assets	9	102.9	90.6	97.1	82.7
Investments	10	8.2	7.7	13.9	13.6
		<u>111.1</u>	<u>98.3</u>	<u>111.0</u>	<u>96.3</u>
Current assets					
Stocks	11	66.2	61.8	59.3	55.6
Debtors	12	29.5	27.7	28.4	27.7
Debtors due after one year	12	403.1	406.2	403.7	406.7
Cash at bank and in hand		126.6	92.4	123.5	90.6
		<u>625.4</u>	<u>588.1</u>	<u>614.9</u>	<u>580.6</u>
Creditors: amounts falling due within one year	13	<u>(169.8)</u>	<u>(150.7)</u>	<u>(165.0)</u>	<u>(145.4)</u>
Net current assets		<u>455.6</u>	<u>437.4</u>	<u>449.9</u>	<u>435.2</u>
Total assets less current liabilities		<u>566.7</u>	<u>535.7</u>	<u>560.9</u>	<u>531.5</u>
Creditors: amounts falling due after more than one year	14	(5.9)	(16.2)	(16.8)	(27.1)
Provisions for liabilities	15	(5.2)	(3.9)	(5.1)	(3.6)
Retirement benefit obligations	24	-	(17.1)	-	(17.0)
		<u>555.6</u>	<u>498.5</u>	<u>539.0</u>	<u>483.8</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	536.0	478.9	519.4	464.2
Shareholders' funds	18	<u>555.6</u>	<u>498.5</u>	<u>539.0</u>	<u>483.8</u>

The financial statements were approved by the Board of Directors on July 26, 2011



B Smith - Director

Company registration no 30209

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

HARRODS LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the period ended 29 JANUARY 2011

	Note	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Net cash inflow from operating activities before payments toward retirement benefit obligations	19	123.7	71.6
Payment towards retirement benefit obligations	24	(21.9)	(25.3)
Net cash inflow from operating activities		101.8	46.3
Returns on investments and servicing of finance			
Interest received		9.6	9.0
Interest paid		(0.3)	(0.2)
Net cash inflow from returns on investments and servicing of finance		9.3	8.8
Taxation paid		(23.8)	(17.0)
Capital expenditure and financial investment			
Purchase of investments		(0.5)	-
Purchase of tangible fixed assets		(30.9)	(22.7)
Movement in loans with group undertakings and related parties		3.0	17.0
Net cash outflow from capital expenditure and financial investment		(28.4)	(5.7)
Equity dividends paid		(22.7)	(14.1)
Financing			
Payments of borrowings		(1.4)	(0.6)
Net cash outflow from financing	20,21	(1.4)	(0.6)
Increase in cash	20,21	34.8	17.7

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

For the period ended 29 JANUARY 2011

Group Statement of Total Recognised Gains and Losses

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Profit for the financial period	78.5	53.7
Actuarial gain/(loss) on pension scheme	1.9	(27.9)
Deferred tax movement on actuarial (gains)/losses on pension scheme	(0.6)	7.8
Total recognised gains and losses for the period	79.8	33.6

There is no material difference between the profit before tax and the historical cost profit before tax

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

1 Turnover and segmental analysis

Turnover by destination and origin are not materially different as follows

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Geographical analysis		
United Kingdom	580.5	515.5
Japan	3.0	2.5
Rest of Europe	0.2	0.2
Other	2.1	1.6
	585.8	519.8

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 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Depreciation on tangible fixed assets owned	17.0	15.9
Depreciation on tangible fixed assets acquired through finance lease	0.3	-
Rentals paid under operating leases		
Property - rent payable to a related party (note 26)	41.2	43.2
Property - other	1.5	0.2
Plant and machinery	0.8	0.6
Total exceptional items (note 3)	(3.3)	1.2
Royalty income	(1.8)	(1.2)

Other income of £12.7m (2010 £11.2m) mainly comprises marketing and advertising income as well as royalty income

Operating profit (continued)

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

	52 weeks ended 29 January 2011 £'000s	52 weeks ended 30 January 2010 £'000s
Fees payable for the audit of the company's financial statements	206.0	215.1
Fees payable for other services		
- audit of subsidiary undertakings	<u>71.9</u>	<u>70.0</u>

3 Exceptional items

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Pre operating profit/(loss)		
Exceptional gain on termination of the distribution centre operating lease	11.2	-
Cost of closure of Harrods distribution centre	(3.6)	-
Change in basis for estimating the cost of Reward Card loyalty points	(3.0)	-
Repairs to historic terracotta façade	<u>(1.3)</u>	<u>(1.2)</u>
	<u>3.3</u>	<u>(1.2)</u>
Post operating profit/(loss)		
Loss on disposal of fixed assets	<u>(2.6)</u>	<u>(0.3)</u>
	<u>(2.6)</u>	<u>(0.3)</u>

4 Net interest

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Payable		
Other finance cost (FRS17)	-	(1 7)
Other interest payable	(0.3)	(0 2)
	<u>(0.3)</u>	<u>(1 9)</u>
Interest receivable		
From group undertakings	8.5	8 4
Cash and bank balances	1.2	0 6
	<u>9.7</u>	<u>9 0</u>
Net interest receivable	<u>9.4</u>	<u>7 1</u>

5 Directors and employees

Group staff costs during the period were as follows:

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Wages and salaries	114.7	103 3
Social security costs	11.4	10 4
Other pension costs	3.4	3 1
	<u>129.5</u>	<u>116 8</u>

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

	52 weeks ended 29 January 2011 Number	52 weeks ended 30 January 2010 Number
Production	374	382
Selling and distribution	2,905	2,812
Administration	96	120
	<u>3,375</u>	<u>3,314</u>

For the period ended 29 JANUARY 2011

Directors and employees (continued)

Company staff costs during the period were as follows:

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Wages and salaries	105.9	95.8
Social security costs	10.5	9.7
Other pension costs	3.1	2.8
	<u>119.5</u>	<u>108.3</u>

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

	52 weeks ended 29 January 2011 Number	52 weeks ended 30 January 2010 Number
Production	372	382
Selling and distribution	2,701	2,595
Administration	66	91
	<u>3,139</u>	<u>3,068</u>

In addition, the company employed an average of 29 (2010: 31) agency staff during the period at a cost of £0.5m (2010: £0.5m)

Remuneration in respect of directors was as follows

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Emoluments	6.4	3.9
	<u>6.4</u>	<u>3.9</u>

Included in emoluments for the period ended 29 January 2011 are pension contributions of £0.1m (2010: £0.1m)

The value of emoluments incurred directly by the company was £5.7m (2010: £3.4m). Emoluments incurred by the group's subsidiary undertakings was £0.4m (2010: £0.3m). Emoluments include £0.3m (2010: £0.2m) incurred by parent undertakings.

There are 3 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2010: 6) and 5 directors to whom retirement benefits are accruing under a defined contribution scheme (2010: 6).

For the period ended 29 JANUARY 2011

Directors and employees (continued)

In addition to the amounts above, an amount of £0.7m was paid during the period to a former director as compensation for loss of office (2010 £1.4m)

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

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Emoluments	<u>2.2</u>	<u>1.4</u>

The highest paid director's accrued pension at the period end was £nil (2010 £nil)

6 Tax on profit on ordinary activities

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

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Current tax		
Current tax charge	(12.5)	(7.1)
Group relief	<u>(12.1)</u>	<u>(11.5)</u>
	(24.6)	(18.6)
 (Under)/Over provision in respect of prior years	 <u>(0.5)</u>	 <u>0.1</u>
	(25.1)	(18.5)
Deferred tax		
Accelerated capital allowances	0.7	2.6
FRS 17 Deferred tax	<u>(6.1)</u>	<u>(6.6)</u>
Total tax charge for the period	<u>(30.5)</u>	<u>(22.5)</u>

For the period ended 29 JANUARY 2011

Tax on ordinary activities (continued)

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £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% (2010 28%) for the following reasons		
Profit on ordinary activities before tax	109.0	76.2
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28 % (2010 28%)	(30.5)	(21.3)
Effect of		
Income/(Expenses) not assessable/(deductible) for tax purposes	2.4	(0.2)
Capital allowances for the period in excess of depreciation	(0.1)	(0.4)
Transfer pricing adjustments	(2.5)	(3.3)
Over provision in respect of prior year	(0.5)	0.1
Income and expenses assessed/relieved on a cash basis	6.1	6.6
	<u>(25.1)</u>	<u>(18.5)</u>

7 Company profit and loss account

As permitted by section 408 of the Companies Act 2006 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 £76.0m (2010 £53.6m). The directors paid a dividend of £22.7m in respect of the period (2010 £14.1m).

8 Dividends

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Equity - ordinary		
Interim paid 11.8p (2010 7p) per share	22.7	14.1

9 Tangible fixed assets

Consolidated

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost			
At 31 January 2010	1.4	266.3	267.7
Additions	-	32.7	32.7
Disposals	-	(7.9)	(7.9)
Other adjustment	-	(0.5)	(0.5)
At 29 January 2011	<u>1.4</u>	<u>290.6</u>	<u>292.0</u>
Accumulated depreciation			
At 31 January 2010	0.2	176.9	177.1
Provided in the period	-	17.3	17.3
Disposals	-	(5.3)	(5.3)
At 29 January 2011	<u>0.2</u>	<u>188.9</u>	<u>189.1</u>
Net book amount at 29 January 2011	<u>1.2</u>	<u>101.7</u>	<u>102.9</u>
Net book amount at 30 January 2010	<u>1.2</u>	<u>89.4</u>	<u>90.6</u>

The figures stated above include assets held under finance leases as follows

	£m	£m	£m
Net book amount at 29 January 2011	<u>-</u>	<u>7.0</u>	<u>7.0</u>
Net book amount at 30 January 2010	<u>-</u>	<u>4.8</u>	<u>4.8</u>

Tangible fixed assets (continued)

Company

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost			
At 31 January 2010	1.4	254.5	255.9
Additions	-	32.7	32.7
Disposals	-	(7.8)	(7.8)
Other adjustments		0.1	0.1
At 29 January 2011	1.4	279.5	280.9
Accumulated depreciation			
At 31 January 2010	0.2	173.0	173.2
Provided in the period	-	15.8	15.8
Disposals	-	(5.2)	(5.2)
At 29 January 2011	0.2	183.6	183.8
Net book amount at 29 January 2011	1.2	95.9	97.1
Net book amount at 30 January 2010	1.2	81.5	82.7

The figures stated above include assets held under finance leases as follows

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Net book amount at 29 January 2011	-	7.0	7.0
Net book amount at 30 January 2010	-	4.8	4.8

Included in the cost element of freeholds, fixtures, fittings, vehicles and equipment are costs incurred on unfinished projects at the period end amounting to £17.4m (2010 £15.4m) in both the group and the company

Netted off the cost of fixed assets in the group and company are accumulated supplier and concession contributions amounting to £11.9m at the period end (2010 £9.4m). Of this amount, £5.4m (2010 £5.6m) 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 31 January 2010	7.7
Additions	0.5
At 29 January 2011	8.2
Net book value at 29 January 2011	8.2
Net book value at 30 January 2010	7.7

Company

	Unlisted investments £m	Shares in group under- takings £m	Total £m
Shares at cost:			
At 31 January 2010	2.3	212.2	214.5
Additions	0.5	-	0.5
At 29 January 2011	2.8	212.2	215.0
Provisions			
At 31 January 2010	-	(200.9)	(200.9)
Provided	-	(0.2)	(0.1)
At 29 January 2011	-	(201.1)	(201.1)
Net book value at 29 January 2011	2.8	11.1	13.9
Net book value at 30 January 2010	2.3	11.3	13.6

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

At 29 January 2011, the aggregate capital and reserves of Harrods Bank Limited was £7.5m (2010 £7.6m) and the loss for the period ended 29 January 2011 was £0.6m (2010 loss of £0.3m)

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Investments (continued)

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 29 January 2011		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	Purchasing Company
PL Management Limited	England and Wales	Property management
Harrods Card Handling Company Ltd	England and Wales	Merchant card handling

In addition to the companies shown in the above list, the company also holds investments in other subsidiary undertakings which are not material. Details of all subsidiary undertakings will be annexed to the company's next annual return in compliance with section 410 of the Companies Act 2006

11 Stocks

	Consolidated		Company	
	At 29 January 2011	At 30 January 2010	At 29 January 2010	At 30 January 2010
	£m	£m	£m	£m
Finished goods for resale	66.2	61.8	59.3	55.6

Of the £66.2m goods held for re-sale a lien over inventory of £58.0m (2010 £50.1m) has been granted to the trustee of the group's defined benefit pension scheme

12 Debtors

	Consolidated		Company	
	At 29 January 2011	At 30 January 2010	At 29 January 2010	At 30 January 2010
	£m	£m	£m	£m
Amounts falling due within one year:				
Trade debtors	16.2	14.9	13.9	13.3
Amounts owed by group undertakings	0.4	0.3	2.0	2.0
Prepayment of property rent	3.5	3.5	3.5	3.5
Other debtors	1.9	4.2	1.9	4.2
Prepayments and accrued income	7.5	4.8	7.1	4.7
	29.5	27.7	28.4	27.7

Debtors (continued)

	Consolidated		Company	
	At 29	At 30	At 29	At 30
	January	January	January	January
	2011	2010	2010	2010
	£m	£m	£m	£m
Amount due after more than one year:				
Amounts owed by group undertakings	116.6	119.8	117.2	120.3
Loan to related party	286.5	286.4	286.5	286.4
	403.1	406.2	403.7	406.7

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 26). 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.

13 Creditors: amounts falling due within one year

	Consolidated		Company	
	At 29	At 30	At 29	At 30
	January	January	January	January
	2011	2010	2010	2010
	£m	£m	£m	£m
Trade creditors	76.6	68.9	74.0	66.7
Corporation tax payable	17.3	16.0	14.5	14.2
Other creditors	11.8	6.8	11.8	6.9
Accruals and deferred income	43.1	40.7	40.9	37.9
Capital expenditure accrual	11.3	10.0	10.8	8.7
Social security and other taxes	8.1	7.0	7.5	6.6
Finance lease (Note 14)	0.8	-	0.8	-
Secured borrowing	0.6	0.7	0.6	0.7
Bank overdraft	-	0.6	-	-
Amounts owed to group undertakings	0.2	-	4.1	3.7
	169.8	150.7	165.0	145.4

14 Creditors: amounts falling due after more than one year

	Consolidated		Company	
	At 29	At 30	At 29	At 30
	January	January	January	January
	2011	2010	2011	2010
	£m	£m	£m	£m
Amounts owed to group undertakings	-	-	10.9	10.9
Secured borrowing	-	0.5	-	0.5
Amounts accrued in relation to Finance Leases	5.9	4.8	5.9	4.8
Accruals and deferred income	-	10.9	-	10.9
	5.9	16.2	16.8	27.1

Creditors: amounts falling due after more than one year (continued)

During the period, Harrods Limited entered into a seven year finance lease agreement to finance the acquisition of certain fixed assets amounting to £7.3m. At period end, the balance due under the agreement was £6.7m. The final repayment is due in June 2017.

15 Provisions for liabilities

Consolidated

	Closure of distribution centre £m	Deferred taxation £m	Onerous lease £m	Total £m
Balance at 31 January 2010	-	2.4	1.5	3.9
Provided for in the period	3.6	-	-	3.6
Released in the period	-	(0.8)	(1.5)	(2.3)
Balance at 29 January 2011	3.6	1.6	-	5.2

	Deferred taxation £m
Accelerated capital allowances	1.6

Company

	Closure of distribution centre £m	Deferred taxation £m	Onerous lease £m	Total £m
Balance at 31 January 2010	-	2.1	1.5	3.6
Provided for in the period	3.6	-	-	3.6
Released in the period	-	(0.6)	(1.5)	(2.1)
Balance at 29 January 2011	3.6	1.5	-	5.1

16 Called up share capital

	Consolidated		Company	
	At 29	At 30	At 29	At 30
	January	January	January	January
	2011	2010	2010	2010
	£m	£m	£m	£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	£m	£m
Balance at 31 January 2010	0.4	478.9	0.4	464.2
Actuarial gain on pension scheme	-	1.3	-	1.9
Profit for the period	-	78.5	-	76.0
Dividends paid	-	(22.7)	-	(22.7)
Balance at 29 January 2011	<u>0.4</u>	<u>536.0</u>	<u>0.4</u>	<u>519.4</u>

At 29 January 2011, there is a balance of £2 (2010 £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 £61.9m (2010 £63.8m) which is non distributable

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18 Reconciliation of movements in shareholders' funds

	2011 £m	2010 £m
Profit for the financial period	78.5	53.7
Dividends	(22.7)	(14.1)
Retained surplus for the period	55.8	39.6
Actuarial gain/(loss) on pension scheme	1.3	(20.1)
Net increase in shareholders' funds	57.1	19.5
Shareholders' funds at 31 January 2010	498.5	479.0
Shareholders' funds at 29 January 2011	555.6	498.5

19 Net cash inflow from operating activities

	52 weeks ended 29 January 2011 £m	52 Weeks ended 30 January 2010 £m
Operating profit	102.2	69.4
Depreciation	17.3	15.8
Non-cash write off of fixed assets	(0.1)	0.4
Increase in stock	(4.5)	(11.7)
Increase in debtors	(1.8)	(6.4)
Increase in creditors	10.6	4.1
Net cash inflow from operating activities	123.7	71.6

20 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 29 January 2011 £m	52 Weeks ended 30 January 2010 £m
Increase in cash in the period	34.8	17.7
Increase in finance lease	(2.6)	(4.8)
Decrease in borrowings	1.4	0.6
Increase in net cash in the period	33.6	13.5
Net cash at 31 January 2010	85.8	72.3
Net cash at 29 January 2011	119.4	85.8

21 Analysis of changes in net debt

	At 31 Jan 2010 £m	Cash flow £m	Other non- cash changes £m	At 29 Jan 2011 £m
Cash at bank and in hand (net)	91.8	34.8	-	126.6
Finance leases	(4.8)	0.7	(2.6)	(6.7)
Secured borrowings	(1.2)	0.7	-	(0.5)
	<u>85.8</u>	<u>36.2</u>	<u>(2.6)</u>	<u>119.4</u>

22 Commitments

At 29 January 2011 the group had the following capital commitments

	Consolidated		Company	
	At 29 January 2011 £m	At 30 January 2010 £m	At 29 January 2010 £m	At 30 January 2010 £m
Contracted for but not provided	<u>13.9</u>	<u>20.7</u>	<u>13.6</u>	<u>10.7</u>

There were no other capital commitments at 29 January 2011 or 30 January 2010

Other Commitments

At 29 January 2011 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 £4.5m as at the period end (2010 £2.7m)

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 £27.5m (2010 £26.2m) and their fair value was £0.3m (2010 £0.3m) based on exchange rates prevailing at the 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 Qatar Holding UK Group (formerly AIT UK Holdings Group) cash netting facility is guaranteed by Harrods Limited and other group companies.

There were no other contingent liabilities at 29 January 2011 or 30 January 2010.

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 £3.2m (2010 £3.1m). No pension accrual (2010 £nil) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme (“the Plan”)

An actuarial valuation of the Plan as at 5 April 2009 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £103.0m as at 5 April 2009. An updated funding position at 31 December 2009 revealed a shortfall in assets of £88.0m, on which a recovery plan was based as agreed with the Plan Trustees.

In order for the Plan to be fully funded by 31 January 2014, the Trustees and Principal Employer agreed the following on 25 August 2010:

- Monthly contributions for the remainder of the year totaling £14.0m per annum with effect from April 2010
- Annual contributions totaling £14.0m per annum payable in each of January 2011, January 2012, January 2013 and January 2014
- Plan expenses (including any insurance premiums and PPF levies) of £1.0m per annum to continue to be met by the Employers

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. During the period ended 29 January 2011, the participating employers made total contributions to the plan of £31.6m (2010 £31.4m).

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.

The UK Government announced on 8 July 2010 that statutory pension increases or revaluations would be based on the Consumer Price Index (CPI) measure of price inflation from 2011, rather than RPI.

Based on legal advice received by the Plan's Trustees and the wording in the Plan's Trust Deed and Rules, future revaluation in deferment will be based on the CPI index from 2011. However, increases to pensions in payment continue to be linked to RPI, subject to limits specified in the Plan's Trust Deed and Rules.

The impact on the plan's obligations as a result of the move from RPI to CPI for future revaluation of deferred pensions was a gain of £13.0m (2010 £nil) and is included in the actuarial gain for the year ending 29 January 2011.

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Financial Reporting Standard 17 Disclosures

Mercer, the actuaries and administrators to the plan, as appointed by the Pension Trustees, carried out a valuation of the plan's assets and liabilities

The major assumptions used by the actuary were

	29 January 2011	30 January 2010
Discount rate	5.6%	5.6%
Inflation assumption	3.6%	3.6%
Rate of increase in salaries	n/a	n/a
Rate of pension increases in deferment	3.1%	3.6%
Rate of pension increases (LPI 5%)	3.4%	3.4%
Rate of pension increases (LPI 2.5%)	2.3%	2.3%
Longevity at age 60 for current pensioners		
- Men	28.1	26.9
- Women	30.8	29.8
Longevity at age 60 for future pensioners		
- Men	31.3	28.0
- Women	34.0	30.8

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 FRS17 and valued by the qualified independent actuary were as follows

	As at 29 January 2011		As at 30 January 2010	
	£m	Expected long-term rate of return % per annum	£m	Expected long-term rate of return % per annum
Equities	108.9	7.6%	94.2	7.6%
Corporate bonds	59.8	5.4%	48.6	5.4%
Government bonds	42.8	4.1%	41.7	4.1%
Total return investments	49.5	7.6%	44.9	7.6%
Other	1.3	4.0%	0.7	4.0%
Cash	42.3	4.0%	39.5	4.0%
Total asset held by the Plan	304.6	6.1%	269.6	6.1%
Present value of plan liabilities	(300.4)		(293.4)	
Surplus/ (Deficit) in the Plan	4.2		(23.8)	
Irrecoverable surplus	(4.2)		-	
Deficit recognised in balance sheet	-		(23.8)	
Related deferred tax asset	-		6.7	
Net pension liability	-		(17.1)	

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Retirement benefit obligations (continued)

	29 January 2011 £m	30 January 2010 £m
Analysis of amounts charged to operating profit		
Current service cost	-	-
Effect of curtailments or settlements	-	-
Total operating credit	-	-

	29 January 2011 £m	30 January 2010 £m
Analysis of amounts included as other finance costs		
Expected return on pension plan assets	16.1	13.6
Interest cost on pension plan liabilities	(16.1)	(15.3)
Net financial cost	-	(1.7)

	29 January 2011 £m	30 January 2010 £m
Analysis of amounts recognised in statement of total recognised gains and losses		
Actuarial losses immediately recognised	6.1	(27.9)
Effect of surplus cap	(4.2)	-
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	1.9	(27.9)

	29 January 2011 £m	30 January 2010 £m
Changes in the benefit obligation during the period were as follows:		
Benefit obligation at beginning of period	293.4	232.5
Interest Cost	16.1	15.3
Actuarial losses	1.1	53.6
Benefits paid	(10.2)	(8.0)
Benefit obligation at end of period	300.4	293.4

	29 January 2011 £m	30 January 2010 £m
Changes in the plan assets during the period were as follows:		
Fair value of plan assets at beginning of period	269.6	213.0
Expected return on plan assets	16.1	13.6
Actuarial gains	7.2	25.7
Employer contribution	21.9	25.3
Benefits Paid	(10.2)	(8.0)
Fair value of plan assets at end of period	304.6	269.6

For the period ended 29 JANUARY 2011

Retirement benefit obligations (continued)

The actual return on plan assets follows

	Year to 29 January 2011 £m	Year to 30 January 2010 £m
Actual return on plan assets	<u>23.4</u>	<u>39.3</u>

History of experience gains and losses

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

	29 January 2011		30 January 2010		31 January 2009		2 February 2008		31 February 2007	
	£m	%	£m	%	£m	%	£m	%	£m	%
Benefit obligation at end of year	(300.4)		(293.4)		(232.5)		(249.0)		(261.6)	
Fair value of plan assets at end of year	<u>304.6</u>		<u>269.6</u>		<u>213.0</u>		<u>257.3</u>		<u>244.7</u>	
Surplus / (deficit) in the plan	4.2		(23.8)		(19.5)		8.3		(16.9)	
Difference between actual and expected return on assets	7.2	2.8%	25.7	9.5%	(51.9)	(24.4%)	(1.1)	(0.4%)	2.2	0.9%
Experience (losses)/gains on plan liabilities	-		-		-		(4.2)	(1.7%)	(9.1)	(3.5%)
Amount recognised in statement of total recognised gains and losses against liabilities	1.9	0.7%	(27.9)	(9.5%)	(21.9)	(9.4%)	5.6	2.2%	25.7	9.8%

Cumulative amount of gains/ losses immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is a loss of £43.5m (2010 loss of £45.4m)

25 Leasing commitments

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

	Consolidated		Company	
	29 January 2011 £m	30 January 2010 £m	29 January 2011 £m	30 January 2010 £m
Land and buildings				
Between one and five years	3.3	-	3.3	-
In five years or more	<u>42.5</u>	<u>44.4</u>	<u>42.5</u>	<u>44.1</u>
	<u>45.8</u>	<u>44.4</u>	<u>45.8</u>	<u>44.1</u>
	Consolidated		Company	
	29 January 2011 £m	30 January 2010 £m	29 January 2011 £m	30 January 2010 £m
Other assets leases				
Less than one year	0.1	-	0.1	-
Between one and five years	0.7	0.5	0.7	0.5
In five years or more	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>
	<u>1.0</u>	<u>0.6</u>	<u>1.0</u>	<u>0.6</u>

26 Transactions with directors and other related parties

On May 7, 2010 the group's parent undertaking was acquired by a 100% subsidiary of Qatar Holding LLC. Prior to this date the group had entered into transactions with entities controlled by its former shareholder. The transactions and balances with these entities are not considered to be material.

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

The group has a subordinated loan to Harrods Property Limited, a company under common ownership, amounting to £286.5m (2010 £286.4m). The loan is non-interest bearing and is repayable on demand by the lender. The maximum receivable during the period was £286.9m (2010 £295.0m).

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 and a number of ancillary Harrods properties used for trading operations. During the period the group was charged rent of £41.2m (2010 £43.2m) by Harrods Property Limited. At the period end, the balance of prepaid rent was £3.5m (2010 £3.5m). The reduction in rent paid to Harrods Property Limited is a result of the sale of the Harrods distribution centre (Note 3).

There are no other material related party transactions.

27 Ultimate parent undertaking

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

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party.