

HARRODS LIMITED

REPORT AND ACCOUNTS

29th January 1983



HARRODS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
52 weeks ended 29th January 1983

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HARRODS LIMITEDDIRECTORS' REPORT52 weeks ended 29th January 1983

The directors have pleasure in submitting their report and the accounts of the Company for the 52 weeks ended 29th January 1983, to be submitted to the 93rd Annual General Meeting of the members.

DIRECTORS

The present directors of the company are:

W.A. Craddock, MVO, Chairman and Managing Director
L.F. Drewitt, BSc (Econ) FCA, Assistant Managing Director
W.G. Crossan
R.J. Brimacombe
G. McK. Brown
D.C. Mair
A. Clark
Professor R. Smith (appointed 31st January 1983)
P.I. Taylor (appointed 24th February 1983)

Mr. G. Wontner-Smith resigned from the Board on his retirement on 31st January 1983 and the directors wish to record their appreciation of his services throughout a long and distinguished career. Mr. A.P. Humphries also resigned from the Board on his retirement on 31st January 1983 and the directors wish to record their appreciation of his services while a member of the Board.

PRINCIPAL ACTIVITY

The company continues to be responsible for the operation of world renowned department stores in London.

RESULTS AND DIVIDENDS

The results and dividends for the 52 weeks are as shown on page 5.

FIXED ASSETS

Details of the movements in fixed assets are shown in note 6 to the accounts.

EXPORTS

Identifiable exports included in turnover amounted to £16.4m (1982 £15.6m). A much greater value of purchases made by overseas visitors to London cannot, unfortunately, be identified.

HARRODS LIMITEDDIRECTORS' REPORT

52 weeks ended 29th January 1983
(continued)

DIRECTORS' INTERESTS

The interests of directors who were also directors of the holding company (House of Fraser plc) are shown in the accounts of that company.

	29th January 1983 Ordinary shares of 25p each	30th January 1982 Ordinary shares of 25p each
Beneficial interests		
L.F. Drewitt	1,402	1,080
G. Wontner-Smith	1,365	1,080
R.J. Brimacombe	16,653	21,395
G. McK. Brown	1,307	1,052
A. Clark	1,383	1,080

All eligible employees are entitled to participate in the House of Fraser Profit Linked Share Plan and this includes the directors of this company.

HEALTH AND SAFETY

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

PROFIT LINKED SHARE PLAN

All permanent full-time employees or permanent part-time employees of the company aged 25 or over who on the last day of the relevant qualifying period have been continuously in service for the last financial year (or if aged less than 25, for the last five financial years) are entitled to participate in the plan. Those directors who satisfy these qualifications are, by virtue thereof, similarly entitled to participate and shares have been appropriated accordingly.

HARRODS LIMITEDDIRECTORS' REPORT

52 weeks ended 29th January 1983
(continued)

EMPLOYMENT OF DISABLED PERSONS

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

By Order of the Board


B.S. HODGE, CA

Secretary

87-135 Brompton Road,
London, SW1X 7XL.

7th April 1983

AUDITORS' REPORT TO THE MEMBERS

of

HARRODS LIMITED

We have audited the accounts on pages 5 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 29th January 1983 and of the profit and source and application of funds for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.



Chartered Accountants



Chartered Accountants

HAYS ALLAN
Southampton House,
317 High Holborn,
London, WC1V 7NL.

7th April 1983

TOUCHE ROSS & CO.,
Hill House,
1 Little New Street,
London, EC4A 3TR.

HARRODS LIMITEDPROFIT AND LOSS ACCOUNT52 weeks ended 29th January 1983

	Note	52 weeks ended 29th January 1983 £'000	52 weeks ended 30th January 1982 £'000
Total turnover	1b	223,331	202,400
Value added tax		<u>(25,787)</u>	<u>(23,202)</u>
Turnover (excluding value added tax)		<u>197,544</u> =====	<u>179,198</u> =====
Trading profit	2	18,541	15,789
Surplus on sale of properties		<u>826</u>	<u>15</u>
Operating profit		19,367	15,804
Interest	3	(1,533)	(1,256)
Contribution to profit linked share plan		<u>(323)</u>	<u>(266)</u>
Profit before taxation		17,511	14,282
Taxation	5	<u>(7,177)</u>	<u>(4,743)</u>
Profit after taxation		<u>10,334</u> =====	<u>9,539</u> =====

STATEMENT OF MOVEMENT ON RESERVES52 weeks ended 29th January 1983

		1983 £'000	1982 £'000
Balance at 30th January 1982		145,555	161,616
Profit after taxation		<u>10,334</u>	<u>9,539</u>
		155,889	171,155
Ordinary dividend		(8,162)	(5,600)
Special dividend following group reorganisation		<u>-</u>	<u>(20,000)</u>
Balance at 29th January 1983	9	<u>147,727</u> =====	<u>145,555</u> =====

The notes on pages 8 to 13 form an integral part of these accounts.

HARRODS LIMITEDBALANCE SHEET29th January 1983

	Note	1983 £'000	1982 £'000
EMPLOYMENT OF FUNDS			
Fixed assets	6	128,341	126,205
Investments			
Group companies	7	9,813	6,578
Current assets			
Stock		21,721	20,731
Debtors		25,544	23,568
ACT recoverable		320	2,039
Amounts due from group companies	7	640	586
Cash at bankers and in hand		<u>3,030</u>	<u>6,515</u>
		<u>51,255</u>	<u>53,439</u>
Current liabilities			
Amounts due to group companies	7	857	2,624
Creditors		27,697	26,508
Taxation	8	<u>3,078</u>	<u>1,435</u>
		<u>31,632</u>	<u>30,567</u>
Net current assets		<u>19,623</u>	<u>22,872</u>
		<u>157,777</u>	<u>155,655</u>
FUNDS EMPLOYED			
Shareholders' funds	9	155,727	153,555
Loan capital	10	<u>2,050</u>	<u>2,100</u>
		<u>157,777</u>	<u>155,655</u>

W.A. CRADDOCK

L.F. DREWITT

Directors

The notes on pages 8 to 13 form an integral part of these accounts.

The accounts and notes were approved by the Directors on 23rd March 1983.

HARRODS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS52 weeks ended 29th January 1983

	52 weeks ended 29th January 1983		52 weeks ended 30th January 1982	
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit before taxation	17,511		14,282	
Depreciation	<u>2,628</u>		<u>2,251</u>	
	20,139		16,533	
Surplus on sale of properties	<u>(826)</u>		<u>(15)</u>	
Total funds generated from trading operations		19,313		16,518
Proceeds of sales of fixed assets		1,813		431
Decrease in inter-group balances		<u>-</u>		<u>29,102</u>
TOTAL FUNDS GENERATED		21,126		46,051
APPLICATION OF FUNDS				
Tax paid	5,534		9,125	
Expenditure on fixed assets	5,751		7,291	
Dividends paid	8,162		25,600	
Increase in inter-group balances	5,056		-	
Loan capital repaid	<u>50</u>		<u>50</u>	
Total funds applied		<u>24,553</u>		<u>42,066</u>
MOVEMENT IN WORKING CAPITAL		(3,427)		3,985
		=====		=====
ANALYSIS				
(Decrease)/increase in net liquid funds		(3,485)		993
Increase in stocks	990		1,466	
Increase in debtors	<u>257</u>		<u>5,179</u>	
	1,247		6,645	
(Increase) in creditors	<u>(1,189)</u>		<u>(3,653)</u>	
		<u>58</u>		<u>2,992</u>
		(3,427)		3,985
		=====		=====

The notes on pages 8 to 13 form an integral part of these accounts.

HARRODS LIMITEDNOTES TO ACCOUNTS52 weeks ended 29th January 19831. ACCOUNTING POLICIES(a) Basis of accounts

The accounts have been prepared under the historical cost convention including the revaluation of certain assets, and in accordance with the provisions of Section 149A of and Schedule 8A to the Companies Act 1948.

(b) Total turnover

Total turnover is the amount receivable for goods and services supplied to customers and includes the sales of leased departments, commission received and credit service charges. Value added tax is included in total turnover where applicable.

(c) Stock

Stock is stated at the lower of cost and net realisable value which is generally computed on the basis of selling price less the appropriate trading margin.

(d) Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, mainly on the following bases:

Freehold and long leasehold buildings	Over the estimated useful life (24 - 99 years)
Landlords plant	Over the estimated useful life (16 - 40 years)
Short leaseholds	Over remaining period of lease
Vehicles and electronic equipment	Over 5 years
Fixtures and fittings	Over 10 years

Depreciation arising on the revaluation surplus is transferred to distributable reserves from undistributable reserves each year.

(e) Deferred taxation

No provision has been made for deferred taxation as the directors are satisfied that no liability is likely to arise in the foreseeable future and that there are no material short-term timing differences.

HARRODS LIMITEDNOTES TO ACCOUNTS

52 weeks ended 29th January 1983
(continued)

1. ACCOUNTING POLICIES (continued)

(f) Pensions

Retirement benefits to the present employees of the company and its subsidiaries are funded by contributions from the company and employees. Payments are made to pension trusts, which are financially separate from the company, in accordance with calculations made periodically by consulting actuaries. The cost of these contributions and of providing pensions to some former employees is charged against the profits of the period.

2. TRADING PROFIT

	1983 £'000	1982 £'000
Trading profit is arrived at after charging:		
Auditors' fees and expenses	108	98
Directors' remuneration (note 4)	258	243
Depreciation	2,628	2,251
	=====	=====
and after crediting:		
Rents receivable	188	156
	=====	=====

3. INTEREST

	1983 £'000	1982 £'000
Loans not repayable within 5 years	121	124
Paid to group companies	1,474	1,322
Interest receivable	(62)	(190)
	=====	=====
	1,533	1,256
	=====	=====

4. DIRECTORS' REMUNERATION

	1983 £000	1982 £000
Fees	9	10
Other emoluments including pension contributions	248	231
Pension to former director	1	2
	=====	=====
	258	243
	=====	=====
Chairman's emoluments	44	34
Highest paid director	44	34
	=====	=====

HARRODS LIMITEDNOTES TO ACCOUNTS

52 weeks ended 29th January 1983
(continued)

4. DIRECTORS' REMUNERATION (continued)

		1983 Number	1982 Number
All directors:		3	5
£Nil	-	-	1
£10,001	-	2	4
£25,001	-	1	2
£30,001	-	2	-
£35,001	-	1	-
£40,001	-		
Senior employees in the U.K.:		2	2
£30,001	-	2	2
£35,001	-		

5. TAXATION

The taxation charge comprises:

	1983 £'000	1982 £'000
Corporation tax on profits	6,755	3,918
Group relief payment	724	1,076
Adjustment of provision for earlier periods	(302)	(251)
	<u>7,177</u>	<u>4,743</u>
	=====	=====

Corporation tax has been calculated at the rate of 52%.

The taxation charge for the period has been reduced by the following:

	1983 £000	1982 £000
Stock relief	577	899
Capital allowances in excess of depreciation	1,098	1,739
Other items	(49)	(121)
	<u>1,626</u>	<u>2,517</u>
	=====	=====

NOTES TO ACCOUNTS

52 weeks ended 29th January 1983
(continued)

6. FIXED ASSETS

	Total £'000	Freeholds £'000	Long leaseholds £'000	Short leaseholds £'000	Plant, fixtures & motor vehicles £'000
Cost and valuation at 30th January 1982	132,802	102,191	17,806	1,030	11,775
Additions	5,744	2,860	178	-	2,706
Disposals	(1,475)	-	-	(1,000)	(475)
Reclassifications	(15)	-	-	(15)	-
Group transfers	10	-	-	-	10
Cost and valuation at 29th January 1983	<u>137,066</u>	<u>105,051</u>	<u>17,984</u>	<u>15</u>	<u>14,016</u>
Less: Aggregate depreciation	<u>8,725</u>	<u>1,800</u>	<u>461</u>	<u>3</u>	<u>6,461</u>
Net book value 29th January 1983	<u>128,341</u>	<u>103,251</u>	<u>17,523</u>	<u>12</u>	<u>7,555</u>
30th January 1982	<u>126,205</u>	<u>101,315</u>	<u>17,597</u>	<u>989</u>	<u>6,304</u>
Cost and valuation at 29th January 1983:					
Cost	21,388	4,158	3,214	-	14,016
1981 independent professional valuation	<u>115,678</u>	<u>100,893</u>	<u>14,770</u>	<u>15</u>	<u>-</u>
	<u>137,066</u>	<u>105,051</u>	<u>17,984</u>	<u>15</u>	<u>14,016</u>

7. GROUP COMPANIES

	Assets		Liabilities	
	1983 £'000	1982 £'000	1983 £'000	1982 £'000
(i) Shares in subsidiaries at cost less capital distributions received and amounts written off	375	375	-	-
Loan accounts:				
Holding company and fellow subsidiaries	<u>9,438</u>	<u>6,203</u>	<u>-</u>	<u>-</u>
	<u>9,813</u>	<u>6,578</u>	<u>-</u>	<u>-</u>
(ii) Trading accounts:				
Holding company and fellow subsidiaries	<u>640</u>	<u>586</u>	<u>857</u>	<u>2,624</u>

HARRODS LIMITEDNOTES TO ACCOUNTS

52 weeks ended 29th January 1983
(continued)

7. GROUP COMPANIES (continued)

(iii) The company has the following wholly owned trading subsidiary companies:

<u>Name</u>	<u>Registered</u>
Harrods Estate Offices	England & Wales
Harrods (Insurance) Limited	"
Harrods Trust Limited	"

(iv) Group accounts are not required as the company is a wholly owned subsidiary of a company incorporated in Great Britain. In the opinion of the directors the value of the company's investments in its subsidiaries is not less than the amount stated in the balance sheet.

8. TAXATION

	1983 £'000	1982 £'000
Corporation tax due 1st January 1984	6,755	3,918
Payment to holding company for advance corporation tax surrendered and set-off of advance corporation tax paid	<u>(3,645)</u>	<u>(2,243)</u>
	3,110	1,675
Adjustment of provision for earlier periods	<u>(32)</u>	<u>(240)</u>
	3,078	1,435
	=====	=====

9. SHAREHOLDERS' FUNDS

	1983 £'000	£'000	1982 £'000	£'000
Share capital - authorised, issued and fully paid ordinary stock		8,000		8,000
Share premium account	1,066		1,066	
Undistributable reserves	107,184		109,090	
Distributable reserves	<u>39,477</u>		<u>35,399</u>	
Total reserves		<u>147,727</u>		<u>145,555</u>
		155,727		153,555
		=====		=====

HARRODS LIMITEDNOTES TO ACCOUNTS

52 weeks ended 29th January 1983
(continued)

10. LOAN CAPITAL

	1983 £'000	1982 £'000
Long-term loan at 5.75% (annual repayments of £50,000 until 1990 when balance is repayable)	2,050 =====	2,100 =====

The loan is secured on the property of a fellow subsidiary.

11. CAPITAL COMMITMENTS

	1983 £'000	1982 £'000
Contracted for but not yet provided	5,372	2,746
Authorised by directors, but not contracted for	<u>6,017</u>	<u>8,309</u>
	11,389 =====	11,055 =====

12. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of House of Fraser plc, a company registered in Scotland.

13. CONTINGENT LIABILITIES

	1983 £'000	1982 £'000
(i) Deferred taxation		
The cumulative potential amount of deferred taxation is:		
Excess capital allowances	7,963	6,039
Other timing differences	<u>108</u>	<u>108</u>
	8,071 =====	6,147 =====

In addition to the above there are potential liabilities in respect of taxation deferred in relation to the revaluation of properties of

20,169 =====	20,523 =====
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(ii) Guarantees

The company has given guarantees to various banks in respect of loan and overdraft facilities granted to other group companies amounting to £83,250,000. At 29th January 1983 the amount of those facilities utilised was £33,588,667. The directors consider that no liability is expected to arise.