



# Harrods International Limited

Reports and Financial Statements  
for the Period ended 31 January 2015

Registration number: 676533

# **Harrods International Limited**

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**Harrods International Limited**  
**Strategic Report for the Period from 2 February 2014 to 31 January 2015**

The directors present their strategic report for the period from 2 February 2014 to 31 January 2015.

**Business review**

There was a profit for the period after taxation amounting to £7,182,457 (2014: £8,140,645). The directors do not recommend the payment of a dividend (2014: £6,500,000).

**Future developments**

There are no significant planned future developments as at the balance sheet date.

**Principal risks and uncertainties**

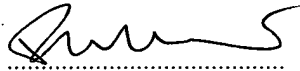
The company is exposed to translation and transaction foreign exchange risk on overseas purchasing.

Approximately 10.0% of the group's purchases are contracted in a foreign currency. The company's parent company provides currency hedging services to cover this.

**KPIs**

There are no other KPIs required to be reported other than turnover and operating profit that would give a fuller understanding to the business.

Approved by the Board on 22 April 2015 and signed on its behalf by:



.....  
D J Webster  
Company secretary

**Harrods International Limited**  
**Directors' Report for the Period from 2 February 2014 to 31 January 2015**

The directors present their report and the financial statements for the period ended 31 January 2015.

**Principal activity**

The principal activities of the company are the operation of concessions at UK Airports and the export of branded food, garments and gift merchandise, under licence.

**Directors of the company**

The directors who held office during the period were as follows:

H.E. H A Al-Abdulla (resigned 2 February 2015)

H.E. A M Al-Sayed (resigned 2 February 2015)

K Maamria (resigned 29 May 2014)

K J Al Kuwari (resigned 2 September 2014)

R L Assanand

Raine Countess Spencer

M Ward (appointed 20 June 2014)

J Edgar (appointed 20 June 2014)

**Disabled persons**

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

**Employee involvement**

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

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

**Payment of creditors**

It is the company'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 company's policy is to pay suppliers within 30 days after the end of the month of receipt of goods or services. At period end the number of days payable outstanding was 18 days (2014: 22 days).

**Going concern**

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## **Harrods International Limited**

### **Statement of Directors' Responsibilities**

#### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Strategic Report, 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 law). 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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.

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.


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.

#### **Disclosure of information to auditors**

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.

Approved by the Board on 22 April 2015 and signed on its behalf by:



D J Webster  
Company secretary

#### **Re-appointment of auditors**

Ernst & Young 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.

**Registered office**      87-135 Brompton Road  
Knightsbridge  
London  
SW1X 7XL

## **Independent Auditor's Report to the Members of Harrods International Limited**

We have audited the financial statements of Harrods International Limited for the period from 2 February 2014 to 31 January 2015, which comprises the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 21. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its 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 Strategic Report and 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 International Limited**

**(continued)**

**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*Ernst & Young LLP*  
Julie Carlyle (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP

1 More London Place  
London  
SE1 2AF

28 April 2015

**Harrods International Limited****Profit and Loss Account for the Period ended 31 January 2015**

	Note	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Turnover	2	82,521	82,838
Cost of sales		<u>(38,384)</u>	<u>(37,032)</u>
Gross profit		44,137	45,806
Distribution costs		(29,783)	(29,986)
Administrative expenses		<u>(5,336)</u>	<u>(5,135)</u>
Operating profit	3	9,018	10,685
Net Interest receivable	4	<u>199</u>	<u>89</u>
Profit on ordinary activities before taxation		9,217	10,774
Tax on profit on ordinary activities	6	<u>(2,035)</u>	<u>(2,633)</u>
Profit for the financial period	15	<u><u>7,182</u></u>	<u><u>8,141</u></u>


Turnover and operating profit derive wholly from continuing operations.



**Harrods International Limited**  
**(Registration number: 676533)**  
**Balance Sheet at 31 January 2015**

	Note	31 January 2015 £ 000	1 February 2014 £ 000
<b>Fixed assets</b>			
Tangible fixed assets	8	<u>7,509</u>	<u>5,688</u>
<b>Current assets</b>			
Stocks	10	15,404	11,237
Debtors	11	2,903	2,700
Cash at bank and in hand		<u>8,008</u>	<u>12,557</u>
		26,315	26,494
Creditors: Amounts falling due within one year	12	<u>(12,875)</u>	<u>(17,971)</u>
Net current assets		<u>13,440</u>	<u>8,523</u>
Net assets excluding pension liability		20,949	14,211
Net pension liability	19	<u>(260)</u>	<u>-</u>
Net assets		<u>20,689</u>	<u>14,211</u>
<b>Capital and reserves</b>			
Profit and loss account	15	<u>20,689</u>	<u>14,211</u>
Shareholders' funds	16	<u>20,689</u>	<u>14,211</u>

Approved by the Board on 22 April 2015 and signed on its behalf by:

  
 .....  
 R L Assanand  
 Director

**Harrods International Limited****Statement of Total Recognised Gains and Losses for the Period ended 31 January 2015**

	<b>Note</b>	<b>52 weeks ended 31 January 2015 £ 000</b>	<b>52 weeks ended 1 February 2014 £ 000</b>
Profit for the financial period		7,182	8,141
Actuarial loss recognised on defined benefit pension scheme		(880)	(453)
Current tax relief on pension scheme		176	105
Total recognised gains and losses relating to the period		<u>6,478</u>	<u>7,793</u>

The notes on pages 9 to 24 form an integral part of these financial statements.

## **Harrods International Limited**

### **Notes to the Financial Statements for the Period ended 31 January 2015**

#### **1 Principal Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards and have remained unchanged from the previous period.

Harrods International Limited is a wholly owned subsidiary of Harrods Limited, which produces Group accounts in accordance with the Companies Act 2006. Consequently the company has taken advantage of the exemption permitted by section 400 of the Act from producing group accounts. These accounts therefore present information about the company and not about its group.

Harrods Limited produces a consolidated cash flow statement in accordance with Financial Reporting Standard No 1 ('FRS 1'). Consequently the company has taken advantage of the exemption in FRS 1 from producing a cash flow statement.

The principal accounting policies of the company are set out below.

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

##### **Royalties**

Royalties are recognised and expensed on an accruals basis in accordance with the substance of the relevant agreement.

##### **Tangible Fixed Assets and Depreciation**

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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures and fittings	between 3 and 10 years

In accordance with Financial Reporting Standard No 11 ('FRS 11'), impairment reviews are carried out and fixed assets written down to appropriate recoverable values if necessary.

##### **Stock**

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

##### **Deferred tax**

Deferred tax is recognised on all timing differences where the transactions or events that give the company 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.

## Harrods International Limited

### Notes to the Financial Statements for the Period ended 31 January 2015

(continued)

#### 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.

#### Retirement benefit schemes

##### *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. 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 19 to the accounts.

## 2 Turnover and segmental analysis

Turnover arising entirely within the United Kingdom is the amount receivable, excluding VAT, for goods and services supplied to customers.

An analysis of turnover by geographical location is given below:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Sales - UK	76,675	76,999
Sales - Japan	1,663	2,527
Sales - Europe	245	242
Sales - other	3,938	3,070
	<u>82,521</u>	<u>82,838</u>

Segmental information by class of business is not provided as the directors are of the opinion that the disclosure of this information would be seriously prejudicial to the interests of the company.

# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015 (continued)

### 3 Operating profit

The profit on ordinary activities before taxation is stated after charging:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Depreciation of owned assets	1,942	1,455
Auditor's remuneration	36	32
Royalty income	(1,187)	(1,389)
Royalties payable	2,713	2,720

### 4 Net interest receivable

	53 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Bank interest payable	(1)	-
Interest receivable from group undertakings	94	89
Pension scheme finance income/costs	106	-
Net Interest	199	89

### 5 Directors and employees

Staff costs during the period were as follows:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Wages and salaries	7,518	7,540
Social security costs	668	655
Other pension costs	258	231
	8,444	8,426

# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015

### (continued)

The average number of persons employed by the company (including directors) during the period was:

	52 weeks ended 31 January 2015 No.	52 weeks ended 1 February 2014 No.
Selling and distribution	233	220
Administration and support	22	22
	<u>255</u>	<u>242</u>

The directors' remuneration for the period was as follows:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Emoluments in respect of qualifying services	<u>239</u>	<u>274</u>

Included in emoluments for the period ended 31 January 2015 are pension contributions of £19,554 (2014: £19,152).

The value of emoluments incurred directly by the company was £239,434 (2014: £274,129). Emoluments include £nil (2014: £nil) incurred by parent undertakings.

There are 0 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2014: 0) and 1 directors to whom retirement benefits are accruing under a defined contribution scheme (2014: 1).

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

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Emoluments in respect of qualifying services	<u>220</u>	<u>255</u>

# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015

(continued)

### 6 Taxation

Tax on profit on ordinary activities

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
<b>Current tax</b>		
Adjustments in respect of previous years	15	-
Foreign tax	24	3
Group relief payable	2,050	2,607
UK Corporation tax	2,089	2,610
<b>Deferred tax</b>		
Origination and reversal of timing differences	(165)	(82)
<b>Tax included in the statement of total recognised gains and losses</b>		
Current tax relief on pension scheme	111	105
Total tax on profit on ordinary activities	2,035	2,633

#### Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21.32% (2014 - 23.16%).

The differences are reconciled below:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Profit on ordinary activities before taxation	9,217	10,774
Corporation tax at standard rate	1,965	2,495
Expenses not deductible for tax purposes	153	160
Depreciation in excess of capital allowances	75	60
Adjustments in respect of prior period corporation tax	14	-
Current tax relief on pension scheme	(118)	(105)
Total current tax	2,089	2,610

**Harrods International Limited**

**Notes to the Financial Statements for the Period ended 31 January 2015**

**(continued)**

**7 Dividends**

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
<b>Equity - ordinary</b>		
Declared: £0 (2014: £125,000) per £1 share	-	6,500

**8 Tangible fixed assets**

	<b>Fixtures, Fittings &amp; Equipment £ 000</b>
<b>Cost or valuation</b>	
At 2 February 2014	13,029
Additions	3,898
Disposals	(486)
At 31 January 2015	16,441
<b>Depreciation</b>	
At 2 February 2014	7,341
Charge for the period	1,942
Disposals	(351)
At 31 January 2015	8,932
<b>Net book value</b>	
At 31 January 2015	7,509
At 1 February 2014	5,688



# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015

(continued)

### 9 Fixed asset investments

	Subsidiary undertakings £ 000
<b>Cost</b>	
At 2 February 2014 and 31 January 2015	6
<b>Provision for impairment</b>	
At 2 February 2014 and 31 January 2015	<u>(6)</u>
<b>Net book value</b>	
At 2 February 2014 and 31 January 2015	<u><u>-</u></u>

The fixed asset investment of £nil (2014: £nil) represents the net book value of 5,753 ordinary shares held in the wholly owned non-trading subsidiary undertaking Wylie and Company Limited, a company registered in England and Wales.

### 10 Stocks

	31 January 2015 £ 000	1 February 2014 £ 000
Finished goods and goods for resale	<u>15,404</u>	<u>11,237</u>

There was no significant difference between the replacement cost of stocks at 31 January 2015 and the amount at which they are stated in the financial statements.

### 11 Debtors: amounts falling due within one year

	31 January 2015 £ 000	1 February 2014 £ 000
Trade debtors	2,204	2,043
Prepayments and accrued income	160	318
Other debtors	391	339
Deferred tax (note 12)	148	-
	<u>2,903</u>	<u>2,700</u>

## Harrods International Limited

### Notes to the Financial Statements for the Period ended 31 January 2015

(continued)

#### 12 Creditors: Amounts falling due within one year

	31 January 2015 £ 000	1 February 2014 £ 000
Trade creditors	4,709	3,759
Amounts owed to group undertakings	4,017	9,329
Corporation tax	2,061	2,607
Accruals and deferred income	1,871	2,113
Other creditors	217	145
Deferred Tax (note 13)	-	18
	<u>12,875</u>	<u>17,971</u>

#### 13 Deferred Taxation

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 31 January 2015 or 1 February 2014.

	Deferred tax £ 000
At 2 February 2014	(18)
Movement in the period	<u>166</u>
At 31 January 2015	<u>148</u>

	31 January 2015 £ 000	1 February 2014 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	-	(18)
	-	(18)

Deferred tax assets have been recognised to the extent that they are deemed recoverable.

#### Factors affecting future tax charges

Legislation was introduced in the Finance Act 2013 to reduce the main rate of corporation tax from 23% to 21% on 1 April 2014, then to 20% on 1 April 2015.

Deferred tax liabilities have been measured at the rate that is expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted at the balance sheet date.

# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015

(continued)

### 14 Called up share capital

	31 January 2015 £	1 February 2014 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
52 ordinary shares of £1 each	<u>52</u>	<u>52</u>

### 15 Reserves

	Profit and loss account £ 000
At 2 February 2014	14,211
Profit for the period	7,182
Actuarial loss on pension schemes	(880)
Current tax relief on pension scheme	<u>176</u>
At 31 January 2015	<u>20,689</u>

### 16 Reconciliation of movement in shareholders' funds

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Profit for the financial year	7,182	8,141
Dividends	-	(6,500)
Actuarial loss on pension scheme	(880)	(453)
Current tax relief on pension scheme	<u>176</u>	<u>105</u>
Net addition to shareholders' funds	6,478	1,293
Shareholders' funds at start of period	<u>14,211</u>	<u>12,918</u>
Shareholders' funds at end of period	<u>20,689</u>	<u>14,211</u>

## **Harrods International Limited**

### **Notes to the Financial Statements for the Period ended 31 January 2015**

#### **(continued)**

#### **17 Commitments**

At 31 January 2015 the company had commitments under concession agreements with Heathrow Airport Limited and Gatwick Airport Limited which were contracted for but not provided for in these financial statements of £7,370k as at the period end (2014: £7,397k).

The company had capital commitments of £2k at 31 January 2015 (2014: £2,610k).

#### **18 Contingent liabilities**

The Harrods Group (Holding) Group's cash netting facility is guaranteed by Harrods International Limited and other Group companies.

There were no contingent liabilities at 31 January 2015 or 1 February 2014.

#### **19 Retirement benefit obligations**

##### **Defined contribution pension scheme**

The Group operates the Harrods Retirement Savings Plan, which is an approved defined contribution scheme; it was established in April 2006 and is provided and managed by Fidelity International.

The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £247k (2014 - £225k).

Contributions totalling £nil (2014 - £nil) were payable to the scheme at the end of the period and are included in creditors.

## Harrods International Limited

### Notes to the Financial Statements for the Period ended 31 January 2015

#### (continued)

#### Defined Benefit Pension Scheme

During the period the group operated the Harrods Group Pension Plan ("the Plan"), an approved defined benefit scheme. This scheme was closed to new membership and new accruals in April 2006.

The funding position of the Plan is monitored by the Trustees 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.

An actuarial valuation of the Plan as at 5 April 2012 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £77m as at 5 April 2012, a funding level of 85%.

A revised recovery plan was subsequently agreed. In order for the Plan to be fully funded by 31 March 2017, the Trustees and Principal Employer agreed the following on 31 October 2012:

- Annual contributions totalling £15.0m per annum payable in each of 2013, 2014, 2015 and 2016 with a final payment of £4.7m in March 2017.
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.

During the period ended 31 January 2015, the participating employers made total contributions to the plan of £15.9m (2014: £16.0m).

The next full actuarial valuation is scheduled in April 2015.

#### Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	31 January 2015 £ 000	1 February 2014 £ 000
Fair value of scheme assets	15,333	13,213
Present value of scheme liabilities	(15,659)	(13,114)
	(326)	99
Irrecoverable surplus	-	(99)
Defined benefit pension scheme deficit	(326)	-
Related deferred tax asset	66	-
Net liability in the balance sheet	(260)	-

## Harrods International Limited

### Notes to the Financial Statements for the Period ended 31 January 2015

#### (continued)

#### Scheme assets

Changes in the fair value of scheme assets are as follows:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Fair value at start of period	13,213	12,886
Expected return on assets	683	574
Actuarial gains and losses	1,478	(305)
Employer contributions	449	453
Benefits paid	(401)	(395)
Transfers	(89)	-
Fair value at end of period	<u>15,333</u>	<u>13,213</u>

#### Analysis of assets

The major categories of scheme assets are as follows:

	31 January 2015 £ 000	1 February 2014 £ 000
Equity instruments	4,997	4,331
Debt instruments	6,195	5,195
Cash	1,421	1,157
Other assets	2,720	2,530
	<u>15,333</u>	<u>13,213</u>

#### Actual return on scheme's assets

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Actual return on scheme assets	<u>2,162</u>	<u>270</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015

### (continued)

#### Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Present value at start of period	13,114	12,679
Actuarial gains and losses	2,458	256
Interest cost	577	574
Benefits paid	(401)	(395)
Transfers	(89)	-
Present value at end of period	<u>15,659</u>	<u>13,114</u>
<b>Analysed as:</b>		
Present value arising from wholly or partly funded schemes	<u>15,659</u>	<u>13,114</u>

#### Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	31 January 2015 %	1 February 2014 %
Discount rate	3.15	4.50
Future pension increases	1.90	2.60
Inflation	2.70	3.40
Expected return on scheme assets - equity	5.10	6.60
Expected return on scheme assets - cash	1.40	3.10
Expected return on scheme assets - other	<u>3.20</u>	<u>4.70</u>

#### Post retirement (at age 60) mortality assumptions

	31 January 2015 Years	1 February 2014 Years
Current pensioners at retirement age - male	28.20	28.10
Current pensioners at retirement age - female	30.50	30.40
Future pensioners at retirement age - male	30.70	30.50
Future pensioners at retirement age - female	<u>33.00</u>	<u>32.80</u>

**Harrods International Limited****Notes to the Financial Statements for the Period ended 31 January 2015****(continued)****Amounts recognised in the profit and loss account**

	<b>52 weeks ended 31 January 2015 £ 000</b>	<b>52 weeks ended 1 February 2014 £ 000</b>
<b>Amounts recognised in operating profit</b>		
Recognised in arriving at operating profit	-	-
<b>Amounts recognised in other finance (income)/cost</b>		
Interest cost	577	574
Expected return on scheme assets	(683)	(574)
Recognised in other finance cost	(106)	-
Total recognised in the profit and loss account	(106)	-



# Harrods International Limited

## Notes to the Financial Statements for the Period ended 31 January 2015

(continued)

### Amounts recognised in the statement of total recognised gains and losses

	52 weeks ended 31 January 2015 £ 000	52 weeks ended 1 February 2014 £ 000
Actual return less expected return on scheme assets	1,479	(304)
Effect of irrecoverable surplus	99	107
Changes in assumptions	(2,458)	(256)
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	<u>(880)</u>	<u>(453)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and (losses) since 1 January 2002 is £(4,351,645) (2014 - £(3,471,269)).

### History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows:

	31 January 2015 £ 000	1 February 2014 £ 000	2 February 2013 £ 000	28 January 2012 £ 000	29 January 2011 £ 000
Fair value of scheme assets	15,333	13,213	12,886	12,051	11,345
Present value of scheme liabilities	<u>(15,659)</u>	<u>(13,114)</u>	<u>(12,679)</u>	<u>(11,976)</u>	<u>(10,634)</u>
(Deficit)/surplus in scheme	<u>(326)</u>	<u>99</u>	<u>207</u>	<u>75</u>	<u>711</u>

### Experience adjustments:

	31 January 2015 £ 000	1 February 2014 £ 000	2 February 2013 £ 000	28 January 2012 £ 000	29 January 2011 £ 000
Experience adjustments arising on scheme assets	<u>1,479</u>	<u>(304)</u>	<u>244</u>	<u>97</u>	<u>256</u>
Experience adjustments arising on scheme liabilities	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>-</u>	<u>-</u>

## **Harrods International Limited**

### **Notes to the Financial Statements for the Period ended 31 January 2015**

**(continued)**

#### **20 Related party transactions**

During the period the company has undertaken transactions, in the ordinary course of business, with related parties under the control of the group's ultimate controlling party. The value of these transactions is not considered to be material.

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

#### **21 Ultimate parent undertaking**

The company's immediate parent undertaking is Harrods Limited, a company registered in England and Wales. The ultimate UK parent undertaking of Harrods Limited is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The smallest such group of undertakings for which group accounts have been drawn up is headed by Harrods Limited. The group accounts 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.