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**HARRODS ESTATES
LIMITED**

FINANCIAL STATEMENTS

**For the Period ended
31 JANUARY 2009**

Company no 0835993

HARRODS ESTATES LIMITED
FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

INDEX	PAGE
Report of the directors	1 – 3
Report of the independent auditor	4 – 5
Principal accounting policies	6 – 7
Profit and loss account	8
Balance sheets	9
Other primary statements	10
Notes to the financial statements	11 – 25

The directors present their report together with the audited financial statements for the period ended 31 January 2009.

Principal activity

The principal activities of the company are that of estate agents and property managers.

Business review and key performance indicators

The directors consider the trading performance of the company to be satisfactory given the general economic conditions and notable downturn in the UK property market in 2008.

There was a loss for the period after taxation amounting to £222,720 (2008: profit of £37,505). The directors do not recommend the payment of a dividend.

Directors

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

J Byrne
M A E Collins
J M P Cook
M Kiehm
O Fayed (resigned 03 March 2009)
Raine, Countess Spencer
A Tanna
S R Humphrey
J McArthur (resigned 12 January 2009)

No director has had a material interest, directly or indirectly, at any time during the period in any contract significant to the business.

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 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.

Credit risk

The Company's principal credit risk relates to the recovery of trade debtors. Credit risk is mitigated by the ability to offset amounts due against income received from tenants (lettings), service charges received from leaseholders (property management) or recovered from solicitors on completion of sale (sales). Credit risk is further managed by reviewing aged debtors on a regular basis.

Interest rate risk

Exposure to interest rate risk is limited through the use of fixed interest rates on inter company loans.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

In so far as the directors are aware:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

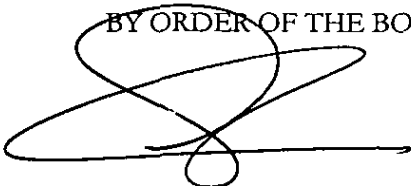
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HARRODS ESTATES LIMITED
REPORT OF THE DIRECTORS

Auditors

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

BY ORDER OF THE BOARD

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom.

S Dean
Secretary
31 July 2009

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HARRODS ESTATES LIMITED

We have audited the financial statements of Harrods Estates Limited for the period ended 31 January 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

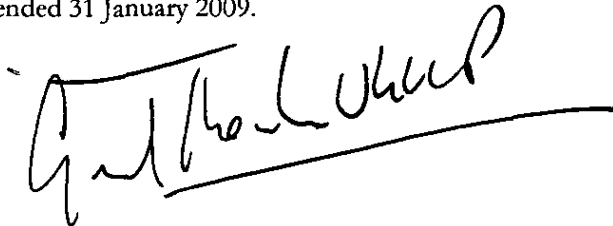
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

Opinion

In our opinion:

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

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

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

LONDON
31 July 2009

Basis of Preparation

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

Harrods Estates Limited is a wholly owned subsidiary of Harrods Limited, which produces Group accounts in accordance with the Companies Act 1985. Consequently the company has taken advantage of the exemption permitted by section 228 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.

Going concern

The company has a deficit of shareholders funds at 31 January 2009. In order that the financial statements be prepared on a going concern basis, Harrods Limited has indicated its present intentions to finance the company so as to enable it both to meet its liabilities as they fall due and to carry on its business operations and that it will not call for repayment of amounts due to the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

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

Turnover

Agency fees on property sales are recognised on exchange of contract, letting fees are recognised as turnover on receipt of funds from tenants to the extent that these fees are guaranteed (as determined by the specific terms of each contract), and property management fees are recognised in the period in which the service is provided.

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:

Fixtures, fittings and equipment	3 to 7 years
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Investments

Investments are included at cost less amounts written off.

Leased assets

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

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.

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

HARRODS ESTATES LIMITED
PROFIT AND LOSS ACCOUNT

For the period ended 31 JANUARY 2009

	Note	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Turnover	1	2,813,893	3,345,591
Cost of sales		<u>(1,861,305)</u>	<u>(2,188,073)</u>
Gross profit		952,588	1,157,518
Administrative expenses		<u>(1,328,713)</u>	<u>(1,236,130)</u>
Operating loss		(376,125)	(78,612)
Other income	4	<u>100,000</u>	<u>100,000</u>
(Loss)/profit before interest and taxation		(276,125)	21,388
Net interest	2	<u>(46,513)</u>	<u>(39,347)</u>
Loss on ordinary activities before taxation		(322,638)	(17,959)
Tax on loss on ordinary activities	5	<u>99,918</u>	<u>55,464</u>
(Loss)/profit on ordinary activities after taxation	13,14	<u><u>(222,720)</u></u>	<u><u>37,505</u></u>

All transactions arise from continuing operations.

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

HARRODS ESTATES LIMITED
BALANCE SHEET AT 31 JANUARY 2009

	Note	At 31 January 2009 £	At 2 February 2008 £
Fixed assets			
Tangible assets	6	144,825	185,985
Investments	7	<u>2</u>	<u>2</u>
		144,827	185,987
Current assets			
Debtors	8	811,359	906,454
Cash at bank and in hand		<u>17,344</u>	<u>4,441</u>
		828,703	910,895
Creditors: amounts falling due within one year	9	<u>(356,475)</u>	<u>(448,946)</u>
Net current assets		<u>472,228</u>	<u>461,949</u>
Total assets less current liabilities		<u>617,055</u>	<u>647,936</u>
Creditors: amounts falling due after more than one year	10	(870,814)	(695,749)
Provisions for liabilities	11	6,994	(1,488)
Retirement benefit surplus	17	<u>110,902</u>	<u>188,466</u>
		<u>(135,863)</u>	<u>139,165</u>
Capital and reserves			
Called up share capital	12	640,000	640,000
Profit and loss account	13	<u>(775,863)</u>	<u>(500,835)</u>
Shareholders' funds	14	<u>(135,863)</u>	<u>139,165</u>

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



A Tanna - Director

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

HARRODS ESTATES LIMITED

Other Primary Statements

For the period ended 31 JANUARY 2009

Statement of Total Recognised Gains and Losses

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
(Loss)/profit for the financial period	(222,720)	37,505
Actuarial (loss)/gain on pension scheme (net of tax)	<u>(52,308)</u>	<u>7,258</u>
Total recognised gains and losses for the period	<u>(275,028)</u>	<u>44,763</u>

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

1 Turnover and loss on ordinary activities before taxation

The turnover and loss on ordinary activities before taxation is attributable to continuing operations as follows:

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Turnover excluding VAT arises from operations in the United Kingdom	<u>2,813,893</u>	<u>3,345,591</u>
The (loss)/profit on ordinary activities before taxation is stated after:		
	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Auditors' remuneration: Audit services	32,518	16,200
Depreciation: Tangible fixed assets owned	56,579	58,332
Operating lease rentals	<u>240,000</u>	<u>240,000</u>

2 Net interest

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Interest receivable from group undertakings	5,634	8,187
Interest payable to group undertakings	(58,483)	(47,534)
Other finance expenses (FRS17)	<u>6,336</u>	<u>-</u>
	<u>(46,513)</u>	<u>(39,347)</u>

For the period ended 31 JANUARY 2009

3 Directors and employees

Staff costs during the year were as follows:

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Wages and salaries	1,480,760	1,871,219
Social security costs	178,710	231,718
Other pension costs	70,987	85,136
	<u>1,730,457</u>	<u>2,188,073</u>

The average number of employees of the company during the year was 33 (2008: 32).

There are 5 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2008: 6), and 5 directors to whom retirement benefits are accruing under a defined contribution scheme (2008: 6).

Remuneration in respect of directors was as follows:

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Emoluments	<u>534,930</u>	<u>546,335</u>

Included in emoluments for the period ended 31 January 2009 are pension contributions of £33,098 (2008: £37,157).

The value of emoluments incurred directly by the company was £534,930 (2008: £546,335).

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

Directors and employees (continued)

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

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Emoluments	<u>235,298</u>	<u>275,544</u>

The highest paid director's accrued pension at the period end was £33,098 (2008: £31,756).

4 Other income

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Investment income:		
Dividends receivable from group undertakings	<u>100,000</u>	<u>100,000</u>

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

5 Tax on profit on ordinary activities

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

	52 weeks ended 31 January 2009 £	52 Weeks ended 2 February 2008 £
Group relief	(154,906)	(100,000)
Deferred tax	(8,482)	(6,773)
FRS 17 - Deferred taxation	63,470	51,309
Tax credit for the period	<u>(99,918)</u>	<u>(55,464)</u>
Factors affecting current period corporation tax:		
Loss on ordinary activities before tax	(322,638)	(17,959)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28 % (2008: 30%)	(91,395)	(5,388)
Effect of:		
Dividend income not assessable	(28,328)	(30,000)
Expenses not deductible for tax purposes	(2,186)	7,999
Capital allowances for the period in excess of depreciation	8,599	6,446
Income and expenses assessed on a cash basis	<u>(41,596)</u>	<u>(79,057)</u>
	<u>(154,906)</u>	<u>(100,000)</u>

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

6 Tangible fixed assets

	Fixture, fittings, equipment and shop fits £
Cost	
At 3 February 2008	432,583
Additions	15,419
At 31 January 2009	<u>448,002</u>
Depreciation	
At 3 February 2008	246,598
Provided in the year	56,579
At 31 January 2009	<u>303,177</u>
Net book amount at:	
31 January 2009	<u><u>144,825</u></u>
2 February 2008	<u><u>185,985</u></u>

7 Fixed asset investments

	£
Cost	
At 3 February 2008	2
Additions	-
At 31 January 2009	<u>2</u>

The fixed asset investment of £2 (2008: £2) represents the net book value of 2 ordinary shares held in the wholly owned subsidiary undertaking PL Management Company Limited, a company registered in England and Wales.

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

8 Debtors

	At 31 January 2009 £	At 2 February 2008 £
Trade debtors	561,205	680,938
Amounts owed by other group undertakings	17,016	28,225
Prepayments and accrued income	64,369	74,074
Other debtors	168,769	123,217
	<u>811,359</u>	<u>906,454</u>

9 Creditors: amounts falling due within one year

	At 31 January 2009 £	At 2 February 2008 £
Trade creditors	19,547	15,343
Social security and other taxes	34,104	33,004
Accruals and deferred income	273,640	395,893
Other creditors	29,184	4,706
	<u>356,475</u>	<u>448,946</u>

10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to group undertakings	<u>870,814</u>	<u>695,749</u>

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

11 Deferred taxation

Deferred taxation assets in the financial statements are set out below. There were no unprovided amounts of deferred taxation at 2 February 2008 or 31 January 2009.

	Amount provided	
	2009	2008
	£	£
At 3 February 2008	1,488	8,235
Transferred to profit and loss account	<u>(8,482)</u>	<u>(6,747)</u>
At 31 January 2009	<u><u>(6,994)</u></u>	<u><u>1,488</u></u>

Deferred taxation provided in the financial statements is set out below:

Depreciation in advance of capital allowances	(6,994)	1,488
Other timing differences	-	-
	<u><u>(6,994)</u></u>	<u><u>1,488</u></u>

12 Called up share capital

	At 31 January 2009	At 2 February 2008
	£	£
Authorised		
640,000 ordinary shares of £1 each	<u><u>640,000</u></u>	<u><u>640,000</u></u>
Allotted, called up and fully paid		
640,000 ordinary shares of £1 each	<u><u>640,000</u></u>	<u><u>640,000</u></u>

13 Reserves

	Profit and loss account £
At 3 February 2008	(500,835)
Loss for the period	(222,720)
Actuarial loss on pension scheme	<u>(52,308)</u>
At 31 January 2009	<u><u>(775,863)</u></u>

14 Reconciliation of movements in shareholders' (deficit)/funds

	2009 £	2008 £
Shareholders' funds at 3 February 2008	139,165	(206,685)
(Loss)/profit for the financial period	(222,720)	37,505
Actuarial gain on pension scheme	(52,308)	7,258
Issue of share capital	-	301,087
Shareholders' (deficit)/funds at 31 January 2009	<u>(135,863)</u>	<u>139,165</u>

15 Capital commitments

The company had no capital commitments at 31 January 2009 or 2 February 2008.

16 Contingent assets/liabilities

The Harrods Holdings Group's cash netting facility is guaranteed by Harrods Estates Limited and other Group companies.

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

17 Retirement benefit schemes

Pensions schemes operated

During the period the Harrods Holdings group principally operated two schemes in which the company participated:

- (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 £67,044 (2008: £82,895). A pension accrual of £nil (2008: £nil) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme ("the Plan")

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

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

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

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

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

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

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

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

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

Amounts contributed by the company are therefore summarized in the tables below.

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

Financial Reporting Standard 17 Disclosures

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

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

The major assumptions used by the actuary were:

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

The sensitivities regarding these assumptions are as follows:

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

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

The company's share of the market value of the assets in the Plan, the expected long-term rate of return from them and the present value of Plan liabilities, all as defined in accordance with FRS 17 and valued by the qualified independent actuary were as follows:

	As at 31 January 2009		As at 2 February 2008		As at 3 February 2007	
	£	Expected long-term rate of return % per annum	£	Expected long-term rate of return % per annum	£	Expected long-term rate of return % per annum
Equities	246,664	7.7%	290,531	7.1%	423,743	7.5%
Equity option	-	7.7%	35,256	7.1%	-	n/a
Corporate bonds	89,126	6.9%	82,812	6.2%	70,377	5.5%
Government bonds	147,039	4.2%	67,756	4.2%	86,018	4.6%
Total return investments	128,674	7.7%	140,435	7.1%	145,636	7.5%
Other	7,224		3,398	9.7%	-	9.8%
Cash earmarked for investment	188,466		443,058	7.1%	-	n/a
Cash	155,646	3.7%	22,958	4.95%	35,024	n/a
Total asset held by the Plan	962,839		1,086,204		760,798	
Monies held in Escrow	-		-	4.95%	151,339	4.8%
Total fair value of assets	962,839		1,086,204		912,137	
Present value of plan liabilities	(808,809)		(866,189)		(975,139)	
Surplus/(deficit) in the Plan	154,030		220,015		(63,002)	
Irrecoverable surplus	-		(31,549)		-	
Surplus recognised in balance sheet	154,030		188,466		(63,002)	
Related deferred tax asset	(43,128)		-		64,303	
Net pension asset	110,902		188,466		1,301	

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

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

	31 January 2009 £	2 February 2008 £
Analysis of amounts charged to operating profit		
Current service cost	-	-
Effect of curtailments or settlements	-	-
Total operating credit	-	-
Analysis of amounts included as other finance income		
Expected return on pension plan assets	(58,992)	(47,123)
Interest cost on pension plan liabilities	52,656	47,123
Net financial income	(6,336)	-
Analysis of amounts recognised in statement of total recognised gains and losses		
Actuarial losses immediately recognised	(47,430)	(3,876)
Changes in assumptions underlying present value of liabilities	(4,344)	(14,813)
Effect of surplus cap	31,548	38,915
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(20,226)	20,226
Changes in the benefit obligation during the period were as follows:		
Benefit obligation at beginning of period	866,189	975,139
Interest Cost	52,656	47,123
Actuarial gains	(76,199)	(51,305)
Benefits paid	(33,837)	(37,525)
Effect of change in assumptions underlying present value of scheme liabilities	-	(67,243)
Benefit obligation at end of period	808,809	866,189

HARRODS ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 JANUARY 2009

Retirement benefit obligations (continued)

	31 January 2009 £	2 February 2008 £
Changes in the plan assets during the period were as follows:		
Fair value of plan assets at beginning of period	1,086,204	912,137
Expected return on plan assets	58,992	47,123
Actuarial losses	(180,398)	(3,876)
Monies paid from escrow account to plan	(108,624)	(75,055)
Monies paid to escrow account by employer	-	42,776
Employer contribution	140,501	263,523
Benefits Paid	(33,836)	(37,525)
Effect of change in assumptions underlying present value of scheme assets	-	(62,899)
Fair value of plan assets at end of period	<u>962,839</u>	<u>1,086,204</u>

The actual return on plan assets follows:

	Year to 31 January 2009 £	Year to 2 February 2008 £
Actual return on plan assets	<u>(121,405)</u>	<u>(43,247)</u>

History of experience gains and losses

The following disclosures provide five year history for the company:

	31 January 2009 £ %	2 February 2008 £ %	3 February 2007 £ %	28 January 2006 £ %	29 January 2005 £ %
Benefit obligation at end of year	(808,809)	(866,189)	(975,139)	(1,105,000)	(861,884)
Fair value of plan assets at end of year	<u>962,839</u>	<u>1,086,204</u>	<u>912,137</u>	<u>707,110</u>	<u>567,357</u>
(Deficit)/surplus in the plan	154,030	220,015	(63,002)	(397,890)	(294,527)
Difference between actual and expected return on assets	(180,398) (18.7%)	(3,876) (0.4%)	8,397 0.9%	101,283 14.3%	17,888 3.2%
Experience (losses)/gains on plan liabilities	- -	(14,813) (1.7%)	(34,065) (3.5%)	(8,700) (0.8%)	- -
Amount recognised in statement of total recognised gains and losses	(72,650) (9.0%)	20,226 2.3%	95,751 9.8%	(100,186) (9.1%)	(28) (3.3%)

Cumulative amount of gains/(losses) immediately recognized in STRGL since introduction of FRS17 is a gain of £60,898 (2008: loss of £11,752)

For the period ended 31 JANUARY 2009

18 Leasing commitments

Operating lease payments amounting to £240,000 (2008: £240,000) are due within one year. The leases to which these amounts relate expire as follows:

	At 31 January 2009 £	At 2 February 2008 £
Land and buildings:		
Leases expiring over five years	<u>240,000</u>	<u>240,000</u>

19 Transactions with related parties

The company has entered into agreements, in the ordinary course of business, with the following companies which are under the control of the Group's ultimate controlling party: Hyde Park Residence Limited, Turnbull & Asser Limited, Fulham Football Club (1987) Limited, Balnagown Castle Properties Limited, Samodal Properties Limited, Harrods Aviation Ltd and Prestige Properties S.A.

Except as noted below, the value of these transactions is not considered to be material.

Fees in respect of marketing and advisory services received from Prestige Properties S.A. during the period amounted to £ 161,570 (2008: £205,375). The trade debtor outstanding at 31 January 2009 from Prestige Properties S.A. was £ 50,313 (2008: £55,813).

Fees in respect of marketing and advisory services received from Hyde Park Residence Limited during the period amounted to £141,555 (2008: £185,121). The trade debtor outstanding at 31 January 2009 due from Hyde Park Residence Limited was £9,229 (2008: £725).

Fees in respect of marketing and advisory services received from Fulham Football Club (1987) Limited during the period amounted to £42,628 (2008: £72,390). The trade debtor outstanding at 31 January 2009 due from Fulham Football Club (1987) was £ nil (2008: £15,331).

Fees in respect of marketing and advisory services received from Turnbull & Asser Limited during the period amounted to £24,038 (2008: £14,000). The trade debtor outstanding at 31 January 2009 from Turnbull & Asser Limited was £ 1,150 (2008: £1,175).

Fees in respect of marketing and advisory services received from Balnagown Castle Properties Limited during the period amounted to £ 1511 (2008: £2,286). The trade debtor outstanding at 31 January 2009 from Balnagown Castle Properties Limited at 31 January 2009 was £881 (2008: £668).

Fees in respect of marketing and advisory services received from Samodal Properties Ltd during the period amounted to £nil (2008: £38,689). The trade debtor outstanding at 31 January 2009 from Samodal Properties Ltd was £nil (2008: £nil).

Fees in respect of marketing and advisory services received from Harrods Aviation Ltd during the period amounted to £11,750 (2008: £41,125). The trade debtor outstanding at 31 January 2009 from Harrods Aviation Ltd was £nil (2008: £nil).

Transactions with related parties (continued)

The company is a wholly owned subsidiary of Harrods Holdings Limited and has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

20 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 AIT UK Holdings Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by AIT UK Holdings Limited and the smallest such group of undertakings, including the company, that is headed by Harrods Limited. The group accounts will be filed with the Register of the Companies in due course.

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