

HARRODS ESTATES LTD

FINANCIAL STATEMENTS

*For the Period ended
29 January 2011*

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COMPANIES HOUSE

Company no 0835993

HARRODS ESTATES LIMITED**FINANCIAL STATEMENTS**

For the period ended 29 JANUARY 2011

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HARRODS ESTATES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the period ended 29 January 2011

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 2010

There was a profit for the period after taxation amounting to £6,969 (2010 loss £104,011) The directors do not recommend the payment of a dividend (2010 £nil)

Directors

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

J Byrne (resigned 28 November 2010)

M A E Collins (resigned 28 January 2011)

J M P Cook

M Kiehm (resigned 02 July 2010)

O Fayed (resigned 03 March 2009, re-appointed 09 April 2010, resigned 07 May 2010)

Raine, Countess Spencer

A Tanna (resigned 07 May 2010)

S R Humphrey

A M Al-Sayed (appointed 07 May 2010)

A Armstrong (appointed 07 May 2010, resigned 28 06 10)

K Al Kuwari (appointed 07 May 2010)

H Al-Abdullad (appointed 07 May 2010)

K Maamria (appointed 08 July 2010)

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

HARRODS ESTATES LIMITED

REPORT OF THE DIRECTORS

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 company 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

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

HARRODS ESTATES LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities (continued)

In so far as the directors are aware

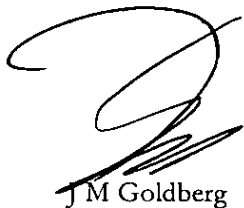
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for 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



J M Goldberg
Secretary

13th October 2011

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 29 January 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet, statement of total gains and losses and notes 1 to 20. 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 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 2 and 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.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 company's affairs as at 29 January 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

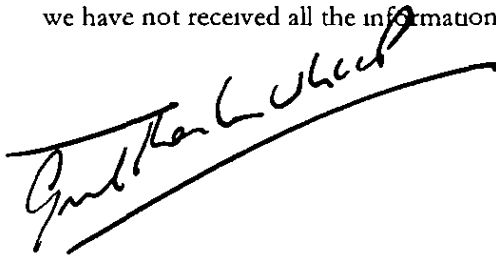
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
HARRODS ESTATES 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, 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



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

13/10/14

HARRODS ESTATES LIMITED

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 Estates 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.

Going concern

The company has a deficit of shareholders funds at 29 January 2011. 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 10 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. 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 29 JANUARY 2011

	Note	52 weeks ended 29 January 2011 £	52 weeks ended 30 January 2010 £
Turnover	1	2,928,148	2,719,010
Cost of sales		<u>(2,047,120)</u>	<u>(1,827,341)</u>
Gross profit		881,028	891,669
Administrative expenses		<u>(1,179,173)</u>	<u>(1,160,630)</u>
Operating loss		(298,145)	(268,961)
Other income	4	<u>250,000</u>	<u>175,000</u>
Loss before interest and taxation		(48,145)	(93,961)
Net interest	2	<u>(37,360)</u>	<u>(51,159)</u>
Loss on ordinary activities before taxation		(85,505)	(145,120)
Tax on loss on ordinary activities	5	<u>92,474</u>	<u>41,109</u>
Profit/(loss) on ordinary activities after taxation	13,14	<u><u>6,969</u></u>	<u><u>(104,011)</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 AS AT 29 JANUARY 2011

	Note	At 29 January 2011 £	At 30 January 2010 £
Fixed assets			
Tangible assets	6	50,276	95,311
Investments	7	<u>2</u>	<u>2</u>
		50,278	95,313
Current assets			
Debtors	8, 11	515,281	560,111
Cash at bank and in hand		<u>10,171</u>	<u>4,654</u>
		525,452	564,765
Creditors' amounts falling due within one year	9	<u>(421,570)</u>	<u>(412,952)</u>
Net current assets		<u>103,882</u>	<u>151,813</u>
Total assets less current liabilities		<u>154,160</u>	<u>247,126</u>
Creditors' amounts falling due after more than one year	10	(611,568)	(656,822)
Retirement benefit surplus	17	<u>-</u>	<u>99,903</u>
		<u>(457,409)</u>	<u>(309,793)</u>
Capital and reserves			
Called up share capital	12	640,000	640,000
Profit and loss account	13	<u>(1,097,409)</u>	<u>(949,793)</u>
Shareholders' deficit	14	<u>(457,409)</u>	<u>(309,793)</u>

The financial statements were approved by the Board of Directors on

13th October 2011


J Cook - Director

Company no 0835993

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

HARRODS ESTATES LIMITED

OTHER PRIMARY STATEMENTS

For the period ended 29 JANUARY 2011

Statement of Total Recognised Gains and Losses

	52 weeks ended 29 January 2011 £	52 weeks ended 30 January 2010 £
Profit/(loss) for the financial period	6,969	(104,011)
Actuarial loss on pension scheme (net of tax)	<u>(154,585)</u>	<u>(69,919)</u>
Total recognised gains and losses for the period	<u><u>(147,616)</u></u>	<u><u>(173,930)</u></u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

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 29 January 2011	52 weeks ended 30 January 2010
	£	£
Turnover excluding VAT arises from operations in the United Kingdom	<u>2,928,148</u>	<u>2,719,010</u>

The loss on ordinary activities before taxation is stated after

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Auditors' remuneration		
Audit services	19,317	8,819
Depreciation		
Tangible fixed assets owned	45,035	53,390
Operating lease rentals	<u>240,000</u>	<u>240,000</u>

2 Net interest

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Interest receivable from group undertakings	626	771
Interest payable to group undertakings	(37,986)	(46,020)
Other finance expenses (FRS17)	<u>0</u>	<u>(5,910)</u>
	<u>(37,360)</u>	<u>(51,159)</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

3 Directors and employees

Staff costs during the period were as follows

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Wages and salaries	1,759,649	1,567,305
Social security costs	207,061	182,612
Other pension costs	80,410	77,423
	<u>2,047,120</u>	<u>1,827,340</u>

The average number of employees of the company during the period was 22 (2010 18)

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

Remuneration in respect of directors was as follows

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Emoluments	<u>851,272</u>	<u>597,697</u>

Included in emoluments for the period ended 29 January 2011 are pension contributions of £90,571 (2010 £41,874)

The value of emoluments incurred directly by the company was £851,272 (2010 £597,697)

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

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Emoluments	<u>332,754</u>	<u>242,659</u>

The highest paid director's accrued pension at the period end was £18,720 (2010 £33,427)

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

4 Other income

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Investment income		
Dividends receivable from group undertakings	250,000	175,000

5 Tax on loss on ordinary activities

The tax credit is based on the loss for the period and represents

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£	£
Group relief	(106,039)	(58,990)
Deferred tax	(7,701)	(5,032)
FRS 17 - Deferred taxation	21,266	22,913
Tax credit for the period	(92,474)	(41,109)

Factors affecting current period corporation tax:

Loss on ordinary activities before tax	(85,505)	(145,120)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28 % (2010 28.33%)	(23,941)	(40,633)

Effect of

Adjustments to tax charge in respect of prior/future periods	1,080	(6,814)
(Income)/expenses not assessable for tax purposes	(70,222)	3,450
Capital allowances for the period in excess of depreciation	8,310	9,575
Income and expenses assessed on a cash basis	(21,266)	(24,568)
	(106,039)	(58,990)

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

6 Tangible fixed assets

	Fixture, fittings, equipment and shop fits £
Cost	
At 1 February 2010	451,878
Additions	-
At 29 January 2011	<u>451,878</u>
Depreciation	
At 1 February 2010	356,567
Provided in the period	45,035
At 29 January 2011	<u>401,602</u>
Net book amount at. 29 January 2011	<u>50,276</u>
At 30 January 2010	<u>95,311</u>

7 Fixed asset investments

	£
Cost	
At 1 February 2010	2
Additions	-
At 29 January 2011	<u>2</u>

The fixed asset investment of £2 (2010 £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 29 JANUARY 2011

8 Debtors

	At 29 January 2011 £	At 30 January 2010 £
Trade debtors	319,288	421,341
Amounts owed by other group undertakings	7,800	700
Prepayments and accrued income	62,428	60,041
Other debtors	106,038	66,003
Deferred tax	19,727	12,026
	<u>515,281</u>	<u>560,111</u>

9 Creditors: amounts falling due within one year

	At 29 January 2011 £	At 30 January 2010 £
Trade creditors	7,915	2,326
Social security and other taxes	18,976	24,523
Accruals and deferred income	366,864	360,213
Other creditors	27,815	25,890
	<u>421,570</u>	<u>412,952</u>

10 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>611,568</u>	<u>656,822</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

11 Deferred taxation

Deferred taxation assets in the financial statements are set out below. There were no unprovided amounts of deferred taxation at 29 January 2011 or 30 January 2010.

	Amount provided	
	2011	2010
	£	£
At 31 January 2010	(12,026)	(6,994)
Transferred to profit and loss account	<u>(7,701)</u>	<u>(5,032)</u>
At 29 January 2011	<u><u>(19,727)</u></u>	<u><u>(12,026)</u></u>

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

Depreciation in advance of capital allowances	<u>(19,727)</u>	<u>(12,026)</u>
	<u><u>(19,727)</u></u>	<u><u>(12,026)</u></u>

12 Called up share capital

	At 29 January 2011	At 30 January 2010
	£	£
Authorised 640,000 ordinary shares of £1 each	<u>640,000</u>	<u>640,000</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 31 January 2010	(949,793)
Profit for the period	6,969
Actuarial loss on pension scheme	<u>(154,585)</u>
At 29 January 2011	<u><u>(1,097,409)</u></u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

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

	2011	2010
	£	£
Shareholders' (deficit)/funds at 31 January 2010	(309,793)	(135,863)
Profit/(loss) for the financial period	6,969	(104,011)
Actuarial loss on pension scheme	(154,585)	(69,919)
Shareholders' deficit at 29 January 2011	<u>(457,409)</u>	<u>(309,793)</u>

15 Capital commitments

The company had no capital commitments at 29 January 2011 or 30 January 2010

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 29 January 2011 or 30 January 2010

17 Retirement benefit schemes**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 £78,470 (2010 £74,233). A pension accrual of £nil (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 million at that date as at 5 April 2009. An updated funding position as 31 December 2009 revealed a shortfall in assets of £88 million, on which recovery plan was based as agreed with the Plan Trustees.

For the period ended 29 JANUARY 2011

Retirement benefit obligations (continued)

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 £14m per annum with effect from April 2010
- Annual contributions totaling £14.0 m 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 pension payments 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 £13m (2010 £nil) and is included in the actuarial gain for the year ending 29 January 2011

Financial Reporting Standard 17 Disclosures

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 major assumptions used by the actuary were

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	26.8
- Women	30.8	29.8
Longevity at age 60 for future pensioners		
- Men	31.3	28.0
- Women	34.0	30.8

*** Note this reflects the move to CPI linkage for future increases in deferment

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

Retirement benefit obligations (continued)

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

	As at 29 January 2011		As at 30 January 2010	
	£	Expected long-term rate of return % per annum	£	Expected long-term rate of return % per annum
Equities	378,664	7.6%	327,562	7.7%
Equity option				7.7%
Corporate bonds	207,853	5.4%	169,036	6.9%
Government bonds	149,039	4.1%	145,151	4.2%
Total return investments	172,052	7.6%	156,193	7.7%
Other	4,715	4.0%	2,436	
Cash	368,565	4.0%	359,063	3.7%
Total asset held by the Plan	1,280,888	6.1%	1,159,441	6.1%
Present value of plan liabilities	(1,045,024)		(1,020,697)	
Surplus/(Deficit) in the Plan	235,864		138,744	
Irrecoverable surplus	(235,864)		-	
Deficit recognised in balance sheet	-		138,744	
Related deferred tax asset	-		(38,841)	
Net pension asset	-		99,903	

Analysis of amounts charged to operating profit

	29 January 2011	30 January 2010
	£	£
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	(56,158)	53,259
Interest cost on pension plan liabilities	56,158	(47,349)
Net financial income	-	5,910

Analysis of amounts recognised in statement of total recognised gains and losses

Actuarial losses immediately recognised	21,163	97,110
Effect of surplus cap	(235,864)	-
Total pension cost recognised in the STRGL	(214,701)	97,110

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

	29 January 2011	30 January 2010
Retirement benefit obligations (continued)		
Changes in the benefit obligation during the period were as follows:	£	£
Benefit obligation at beginning of period	1,020,697	808,809
Interest Cost	56,158	53,259
Actuarial losses/(gains)	3,973	186,419
Benefits paid	(35,803)	(27,790)
Benefit obligation at end of period	<u>1,045,025</u>	<u>1,020,697</u>

Changes in the plan assets during the period were as follows.

	Period to 29 January 2011	Period to 30 January 2010
	£	£
Fair value of plan assets at beginning of period	1,159,451	962,840
Expected return on plan assets	56,158	47,349
Actuarial gains/(losses)	25,137	89,309
Employer contribution	75,949	87,743
Benefits Paid	(35,803)	(27,790)
Fair value of plan assets at end of period	<u>1,280,892</u>	<u>1,159,451</u>

The actual return on plan assets follows

	Period to 29 January 2011	Period to 30 January 2010
	£	£
Actual return on plan assets	<u>81,294</u>	<u>136,659</u>

History of experience gains and losses

	29 January 2011		30 January 2010		31 January 2009		2 February 2008		3 February 2007	
	£	%	£	%	£	%	£	%	£	%
Benefit obligation at end of year	(1,045,024)		(1,020,697)		(808,809)		(866,189)		(975,139)	
Fair value of plan assets at end of year	1,159,451		1,159,451		962,839		1,086,204		912,137	
Surplus/(Deficit) in the plan	114,427		138,754		154,030		220,015		(63,002)	
Difference between actual and expected return on assets	25,137	2.0%	89,309	7.7%	(180,398)	(18.7%)	(3,876)	-0.4%	8,397	0.9%
Experience gains/(losses) on plan liabilities							(14,813)	(1.7%)	(34,065)	(3.5%)
Amount recognised in statement of total recognised gains and losses	(214,701)	20.5%	(97,110)	9.5%	(72,650)	9.0%	20,226	2.3%	95,751	9.8%

Cumulative amount of loss immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is £372,709 (2010 £158,008)

For the period ended 29 JANUARY 2011

18 Leasing commitments

Operating lease payments amounting to £240,000 (2010 £240,000) are due within one year. The leases to which these amounts relate expire as follows:

	At 29 January 2011 £	At 30 January 2010 £
Land and buildings		
Leases expiring over five years	<u>240,000</u>	<u>240,000</u>

19 Transactions with related parties

On May 7, 2010 the group's parent group 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, except as noted below:

Fees in respect of marketing and advisory services received from Hyde Park Residence Limited during the period amounted to £6,814 (2010 £43,379). The trade debtor outstanding at 29 January 2011 due from Hyde Park Residence Limited was £nil (2010 £28,331).

Fees in respect of marketing and advisory services received from Turnbull & Asser Limited during the period amounted to £4,700 (2010 £13,825). The trade debtor outstanding at 29 January 2011 from Turnbull & Asser Limited was £nil (2010 £5,775).

The company is a wholly owned subsidiary of AIT UK 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 Estates Limited is Qatar Holding UK Limited (formerly AIT UK Holdings Limited). The largest group of undertakings for which group accounts have been drawn up is that headed by Qatar Holding UK Limited (formerly AIT UK Holdings 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 Register of the 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.