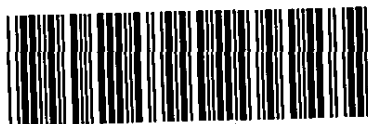


HARRODS ESTATES LTD

FINANCIAL STATEMENTS

***For the Period ended
30 JANUARY 2010***

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HARRODS ESTATES LIMITED

FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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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 30 January 2010

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 2009

There was a loss for the period after taxation amounting to £104,011 (2009 £222,720) The directors do not recommend the payment of a dividend (2009 £nil)

Directors

The 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 (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)

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 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

Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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

The directors are responsible for keeping adequate 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 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

19th October 2010

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 30 January 2010 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 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/UKNP.

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 30 January 2010 and of its loss 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

26th October 2010

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 30 January 2010. 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
----------------------------------	---------------

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 30 JANUARY 2010

	Note	52 weeks ended 30 January 2010 £	52 weeks ended 31 January 2009 £
Turnover	1	2,719,010	2,813,893
Cost of sales		<u>(1,827,341)</u>	<u>(1,861,305)</u>
Gross profit		891,669	952,588
Administrative expenses		<u>(1,160,630)</u>	<u>(1,328,713)</u>
Operating loss		(268,961)	(376,125)
Other income	4	<u>175,000</u>	<u>100,000</u>
Loss before interest and taxation		(93,961)	(276,125)
Net interest	2	<u>(51,159)</u>	<u>(46,513)</u>
Loss on ordinary activities before taxation		(145,120)	(322,638)
Tax on loss on ordinary activities	5	<u>41,109</u>	<u>99,918</u>
Loss on ordinary activities after taxation	13,14	<u><u>(104,011)</u></u>	<u><u>(222,720)</u></u>

All transactions arise from continuing operations

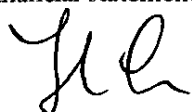
The accompanying accounting policies and notes form an integral part of these financial statements

HARRODS ESTATES LIMITED

BALANCE SHEET AS AT 30 JANUARY 2010

	Note	At 30 January 2010 £	At 31 January 2009 £
Fixed assets			
Tangible assets	6	95,311	144,825
Investments	7	<u>2</u>	<u>2</u>
		95,313	144,827
Current assets			
Debtors	8	548,085	811,359
Cash at bank and in hand		<u>4,654</u>	<u>17,344</u>
		552,739	828,703
Creditors: amounts falling due within one year	9	<u>(412,952)</u>	<u>(356,475)</u>
Net current assets		<u>139,787</u>	<u>472,228</u>
Total assets less current liabilities		<u>235,100</u>	<u>617,055</u>
Creditors: amounts falling due after more than one year	10	(656,822)	(870,814)
Provisions for liabilities	11	12,026	6,994
Retirement benefit surplus	17	<u>99,903</u>	<u>110,902</u>
		<u>(309,793)</u>	<u>(135,863)</u>
Capital and reserves			
Called up share capital	12	640,000	640,000
Profit and loss account	13	<u>(949,793)</u>	<u>(775,863)</u>
Shareholders' deficit	14	<u>(309,793)</u>	<u>(135,863)</u>

The financial statements were approved by the Board of Directors on 19 October 2010



J Cook - Director

Company no 0835993

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

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HARRODS ESTATES LIMITED

OTHER PRIMARY STATEMENTS

For the period ended 30 JANUARY 2010

Statement of Total Recognised Gains and Losses

	52 weeks ended 30 January 2010 £	52 weeks ended 31 January 2009 £
Loss for the financial period	(104,011)	(222,720)
Actuarial loss on pension scheme (net of tax)	<u>(69,919)</u>	<u>(52,308)</u>
Total recognised gains and losses for the period	<u><u>(173,930)</u></u>	<u><u>(275,028)</u></u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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 30 January 2010	52 weeks ended 31 January 2009
	£	£
Turnover excluding VAT arises from operations in the United Kingdom	<u>2,719,010</u>	<u>2,813,893</u>

The loss on ordinary activities before taxation is stated after

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Auditors' remuneration		
Audit services	8,819	32,518
Depreciation		
Tangible fixed assets owned	53,390	56,579
Operating lease rentals	<u>240,000</u>	<u>240,000</u>

2 Net interest

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Interest receivable from group undertakings	771	5,634
Interest payable to group undertakings	(46,020)	(58,483)
Other finance expenses (FRS17)	<u>(5,910)</u>	<u>6,336</u>
	<u>(51,159)</u>	<u>(46,513)</u>

HARRODS ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

3 Directors and employees

Staff costs during the period were as follows

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Wages and salaries	1,567,305	1,605,508
Social security costs	182,612	193,558
Other pension costs	77,423	70,987
	<u>1,827,340</u>	<u>1,870,053</u>

The average number of employees of the company during the period was 18 (2009 25)

There are 6 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2009 5), and 6 directors to whom retirement benefits are accruing under a defined contribution scheme (2009 5)

Remuneration in respect of directors was as follows

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Emoluments	<u>597,697</u>	<u>534,930</u>

Included in emoluments for the period ended 30 January 2010 are pension contributions of £41,874 (2009 £33,098)

The value of emoluments incurred directly by the company was £597,697 (2009 £534,930)

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

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Emoluments	<u>242,659</u>	<u>235,298</u>

The highest paid director's accrued pension at the period end was £33,427 (2009 £33,098)

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

4 Other income

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Investment income		
Dividends receivable from group undertakings	175,000	100,000

5 Tax on loss on ordinary activities

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

	52 weeks ended 30 January 2010	52 weeks ended 31 January 2009
	£	£
Group relief	(58,990)	(154,906)
Deferred tax	(5,032)	(8,482)
FRS 17 - Deferred taxation	22,913	63,470
Tax credit for the period	(41,109)	(99,918)

Factors affecting current period corporation tax.

Loss on ordinary activities before tax	(145,120)	(322,638)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28 % (2009 28 33%)	(40,633)	(91,395)
Effect of		
Dividend income not assessable	-	(28,328)
Adjustments to tax charge in respect of prior/future periods	(6,814)	-
Expenses not deductible for tax purposes	3,450	(2,186)
Capital allowances for the period in excess of depreciation	9,575	8,599
Income and expenses assessed on a cash basis	(24,568)	(41,596)
	(58,990)	(154,906)

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

6 Tangible fixed assets

	Fixture, fittings, equipment and shop fits £
Cost	
At 1 February 2009	448,002
Additions	3,876
At 30 January 2010	<u>451,878</u>
Depreciation	
At 1 February 2009	303,177
Provided in the period	53,390
At 30 January 2010	<u>356,567</u>
Net book amount at: 30 January 2010	<u><u>95,311</u></u>
1 February 2009	<u><u>144,825</u></u>

7 Fixed asset investments

	£
Cost	
At 1 February 2009	2
Additions	-
At 30 January 2010	<u>2</u>

The fixed asset investment of £2 (2009 £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 30 JANUARY 2010

8 Debtors

	At 30 January 2010 £	At 31 January 2009 £
Trade debtors	421,341	561,205
Amounts owed by other group undertakings	700	17,016
Prepayments and accrued income	60,041	64,369
Other debtors	66,003	168,769
	<u>548,085</u>	<u>811,359</u>

9 Creditors: amounts falling due within one year

	At 30 January 2010 £	At 31 January 2009 £
Trade creditors	2,326	19,547
Social security and other taxes	24,523	34,104
Accruals and deferred income	360,213	273,640
Other creditors	25,890	29,184
	<u>412,952</u>	<u>356,475</u>

10 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Amounts owed to group undertakings	<u>656,822</u>	<u>870,814</u>

HARRODS ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

11 Deferred taxation

Deferred taxation assets in the financial statements are set out below. There were no unprovided amounts of deferred taxation at 31 January 2009 or 30 January 2010.

	Amount provided	
	2010	2009
	£	£
At 1 February 2009	(6,994)	1,488
Transferred to profit and loss account	(5,032)	(8,482)
At 30 January 2010	<u>(12,026)</u>	<u>(6,994)</u>

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

Depreciation in advance of capital allowances	<u>(12,026)</u>	<u>(6,994)</u>
	<u>(12,026)</u>	<u>(6,994)</u>

12 Called up share capital

	At 30 January 2010	At 31 January 2009
	£	£
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>640,000</u>	<u>640,000</u>

13 Reserves

	Profit and loss Account £
At 1 February 2009	(775,863)
Loss for the period	(104,011)
Actuarial loss on pension scheme	(69,919)
At 30 January 2010	<u>(949,793)</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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

	2010	2009
	£	£
Shareholders' (deficit)/funds at 1 February 2009	(135,863)	139,165
Loss for the financial period	(104,011)	(222,720)
Actuarial loss on pension scheme	(69,919)	(52,308)
Shareholders' deficit at 30 January 2010	<u>(309,793)</u>	<u>(135,863)</u>

15 Capital commitments

The company had no capital commitments at 30 January 2010 or 31 January 2009

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 30 January 2010 or 31 January 2009

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 £74,233 (2009 £67,044) A pension accrual of £nil (2009 £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

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Retirement benefit obligations (continued)

At that time the amended contributions, in order for the Plan to be fully funded by 31 January 2014, were agreed as follows

- contributions totaling £14m per annum with effect from 31 January 2010
- contributions totaling an estimated £0.7m per annum to fund administrative expenses of the Plan, with effect from 31 January 2010
- 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
- recognising the risks inherent in the performance of the financial markets during the five 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 30 January 2010, the participating employers made total contributions to the plan of £31.4m (2009 £11.4m), including all payments under an agreement entered into with the scheme Trustees in 2009 to make an additional lump sum payment into the fund

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

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

	30 January 2010	31 January 2009	3 February 2008
Discount rate	5.6%	6.7%	6.2%
Inflation assumption	3.6%	3.5%	3.5%
Rate of increase in salaries	n/a	n/a	n/a
Rate of pension increases (LPI 5%)	3.4%	3.4%	3.4%
Rate of pension increases (LPI 2.5%)	2.3%	2.3%	2.5%
Longevity at age 60 for current pensioners			
– Men	26.9	26.8	26.7
– Women	29.8	29.8	29.6
Longevity at age 60 for future pensioners			
– Men	28.0	28.0	27.9
– Women	30.8	30.8	30.7

HARRODS ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

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 30 January 2010		As at 31 January 2009		As at 2 February 2008	
	£	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	327,562	7.7%	246,664	7.7%	290,531	7.1%
Equity option		7.7%		7.7%	35,256	7.1%
Corporate bonds	169,036	6.9%	89,126	6.9%	82,812	6.2%
Government bonds	145,151	4.2%	147,039	4.2%	67,756	4.2%
Total return investments	156,193	7.7%	128,674	7.7%	140,435	7.7%
Other	2,436		7,224		3,398	9.7%
Cash earmarked for investment	188,466		188,466		443,058	7.1%
Cash	170,597	3.7%	155,646	3.7%	22,958	4.95%
Total value of assets	1,159,441		962,839		1,086,204	
Present value of plan liabilities	(1,020,697)		(808,809)		(866,189)	
Surplus recognised in balance sheet	138,744		154,030		220,015	
Related deferred tax asset	(38,841)		(43,128)		(31,549)	
Net pension asset	99,903		110,902		188,466	

	30 January 2010	31 January 2009
	£	£
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	53,259	(58,992)
Interest cost on pension plan liabilities	(47,349)	52,656
Net financial income/(loss)	5,910	(6,336)

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

Actuarial losses immediately recognised	97,110	104,198
Changes in assumptions underlying present value of liabilities	-	-
Effect of surplus cap	-	(31,548)
Actuarial loss recognised in statement of total recognised gains and losses	97,110	72,650

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

	30 January 2010	31 January 2009
Retirement benefit obligations (continued)		
Changes in the benefit obligation during the period were as follows:	£	£
Benefit obligation at beginning of period	808,809	866,189
Interest Cost	53,259	52,656
Actuarial losses/(gains)	186,419	(76,199)
Benefits paid	(27,790)	(33,837)
Benefit obligation at end of period	<u>1,020,697</u>	<u>808,809</u>

	Period to 30 January 2010	Period to 31 January 2009
	£	£
Changes in the plan assets during the period were as follows:		
Fair value of plan assets at beginning of period	962,840	1,086,204
Expected return on plan assets	47,349	58,992
Actuarial gains/(losses)	89,309	(180,398)
Monies paid from escrow account to plan	-	(108,624)
Employer contribution	87,743	140,501
Benefits Paid	(27,790)	(33,836)
Fair value of plan assets at end of period	<u>1,159,451</u>	<u>962,839</u>

The actual return on plan assets follows

	Period to 30 January 2010	Period to 31 January 2009
	£	£
Actual return on plan assets	<u>136,659</u>	<u>(121,405)</u>

History of experience gains and losses

	30 January 2010	31 January 2009	21 February 2008	3 February 2007	28 January 2006		
	£	£	£	£	£	%	%
Benefit obligation at end of year	(1,020,697)	(808,809)	(866,189)	(975,139)	(1,105,000)		
Fair value of plan assets at end of year	1,159,451	962,839	1,086,204	912,137	707,110		
Surplus/(Deficit) in the plan	138,754	154,030	220,015	(63,002)	(397,890)		
Difference between actual and expected return on assets	89,309	(180,398)	(3,876)	8,397	101,283	7.7%	14.3%
Experience gains/(losses) on plan liabilities	-		(14,813)	(34,065)	(8,700)		
Amount recognised in statement of total recognised gains and losses	(97,110)	(72,650)	20,226	95,751	(100,186)	9.5%	(9.1%)

Cumulative amount of loss immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is £158,008 (2009 £60,898)

HARRODS ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the period ended 30 JANUARY 2010

18 Leasing commitments

Operating lease payments amounting to £240,000 (2009 £240,000) are due within one year. The leases to which these amounts relate expire as follows:

	At 30 January 2010 £	At 31 January 2009 £
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 at the year end date were under the control of the company's then ultimate controlling party, the Fayed family: Hyde Park Residence Limited, Turnbull & Asser Limited, Fulham Football Club (1987) Limited, Harrods Aviation Ltd, Bocardo Societe Anonyme 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 £1,117 (2009 £161,570). The trade debtor outstanding at 30 January 2010 from Prestige Properties S A was £1,117 (2009 £50,313).

Fees in respect of marketing and advisory services received from Hyde Park Residence Limited during the period amounted to £43,379 (2009 £141,555). The trade debtor outstanding at 30 January 2010 due from Hyde Park Residence Limited was £28,331 (2009 £9,229).

Fees in respect of marketing and advisory services received from Fulham Football Club (1987) Limited during the period amounted to £nil (2009 £42,628). The trade debtor outstanding at 30 January 2010 due from Fulham Football Club (1987) was £nil (2009 £15,331).

Fees in respect of marketing and advisory services received from Turnbull & Asser Limited during the period amounted to £13,825 (2009 £24,038). The trade debtor outstanding at 30 January 2010 from Turnbull & Asser Limited was £5,775 (2009 £1,150).

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.

The Company has a lease in place with Hyde Park Residence Limited for their operating location at Park Lane. Under this lease, the Company pays £60,000 per year over a 15 year lease period beginning on 12 April 2005.

There are no other related party transactions.

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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 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.