

Harrods Estates Limited

Reports and Financial Statements

for the Period Ended
31 January 2015

Registration number: 0835993

Harrods Estates Limited

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Harrods Estates Limited

Directors' Report for the Period ended 31 January 2015

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

Principal activity

The principal activity of the company is that of estate agents and property managers.

Business Review

The directors consider the trading performance of the company to be in line with the London property market which was strong at the start and end of 2014 but had significant drops in transaction volumes between March and September 2014, particularly in the lettings and second hand sales sectors.

There was a loss for the period after taxation amounting to £442,248 (2014: profit of £90,552). The directors do not recommend the payment of a dividend (2014: £nil).

Directors

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

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

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

K Maamria (resigned 29 May 2014)

K Al Kuwari (resigned 2 September 2014)

J M P Cook

S R Humphrey

K K Boland

S P Drummond

Raine, Countess Spencer

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.

Harrods Estates Limited

Directors' Report for the Period ended 31 January 2015

..... continued

Principal Risks and Uncertainties

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.

Going concern

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

KPIs

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

Harrods Estates Limited

Statement of Directors' Responsibilities

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 law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Disclosure of information to Auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

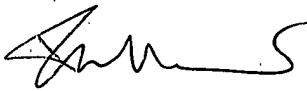
Harrods Estates Limited
Statement of Directors' Responsibilities

(continued...)

Reappointment of auditors

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

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



.....
D J Webster
Company secretary

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

Independent Auditor's Report to the Members of Harrods Estates Limited

We have audited the financial statements of Harrods Estates Limited for the period ended 31 January 2015 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

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

Date: *28 March 2015*

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

	Note	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Turnover	2	3,095,831	3,666,733
Cost of sales		<u>(2,295,983)</u>	<u>(2,356,755)</u>
Gross profit		799,848	1,309,978
Distribution costs		(15,600)	-
Administrative expenses		<u>(1,642,041)</u>	<u>(1,465,561)</u>
Operating loss	3	(857,793)	(155,583)
Loss on disposal of fixed assets	4	-	(468)
Other Income	7	250,000	250,000
Net interest payable	5	<u>(24,978)</u>	<u>(48,303)</u>
(Loss)/profit on ordinary activities before taxation		(632,771)	45,646
Tax on (loss)/profit on ordinary activities	8	<u>190,523</u>	<u>44,906</u>
(Loss)/profit for the financial period	16	<u><u>(442,248)</u></u>	<u><u>90,552</u></u>

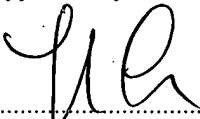
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

Harrods Estates Limited
Balance Sheet at 31 January 2015

	Note	31 January 2015 £	1 February 2014 £
Fixed assets			
Tangible fixed assets	9	265,544	248,947
Investments	10	<u>2</u>	<u>2</u>
		<u>265,546</u>	<u>248,949</u>
Current assets			
Debtors	11	748,373	1,272,933
Cash at bank and in hand		<u>40,583</u>	<u>16,675</u>
		788,956	1,289,608
Creditors: Amounts falling due within one year	12	<u>(522,834)</u>	<u>(780,683)</u>
Net current assets		<u>266,122</u>	<u>508,925</u>
Total assets less current liabilities		531,668	757,874
Creditors: Amounts falling due after more than one year	13	<u>(1,119,433)</u>	<u>(815,280)</u>
Net liabilities excluding pension liability		<u>(587,765)</u>	<u>(57,406)</u>
Net pension liability	19	<u>(51,750)</u>	<u>-</u>
Net liabilities		<u><u>(639,515)</u></u>	<u><u>(57,406)</u></u>
Capital and reserves			
Called up share capital	15	640,000	640,000
Profit and loss account	16	<u>(1,279,515)</u>	<u>(697,406)</u>
Shareholders' deficit		<u><u>(639,515)</u></u>	<u><u>(57,406)</u></u>

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



 J M P Cook
 Director

The notes on pages 10 to 26 form an integral part of these financial statements.

Harrods Estates Limited

Statement of Total Recognised Gains and Losses for the Period ended 31 January 2015

	Note	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
(Loss)/profit for the financial period		(442,248)	90,552
Actuarial loss recognised on defined benefit pension scheme		(174,826)	(44,524)
Current tax relief on pension scheme		34,965	10,312
Total recognised gains and losses relating to the period		<u>(582,109)</u>	<u>56,340</u>

The notes on pages 10 to 26 form an integral part of these financial statements.

Harrods Estates Limited

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

1 Principal Accounting policies

Basis of preparation

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

Harrods 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 (FRS1). Consequently the company has taken advantage of the exemption in FRS 1 from producing a cash flow statement.

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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Investment

Investments are included at cost less any impairment.

Hire purchase and leasing

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

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.

Harrods Estates Limited

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

..... *continued*

Contribution 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 19 to the accounts.

2 Turnover and (loss)/profit on ordinary activities before taxation

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

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Turnover excluding VAT arises from operations in the United Kingdom	<u>3,095,831</u>	<u>3,666,733</u>

Harrods Estates Limited

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

..... continued

3 Operating loss

The operating (loss)/profit is stated after charging:

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Operating leases	359,877	292,864
Auditor's remuneration	40,696	23,484
Depreciation of tangible fixed assets	<u>44,935</u>	<u>40,688</u>

4 Exceptional items

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Loss on sale of fixed assets	<u>-</u>	<u>468</u>

5 Interest payable and similar charges

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Interest on loans from group undertakings	(46,793)	(49,337)
Pension scheme other finance income	21,033	-
Interest receivable	<u>782</u>	<u>1,034</u>
	<u>(24,978)</u>	<u>(48,303)</u>

6 Directors and employees

Staff costs during the period were as follows:

Harrods Estates Limited

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

..... *continued*

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Wages and salaries	1,970,007	2,018,916
Social security costs	230,845	244,007
Staff pensions	95,131	93,832
	<u>2,295,983</u>	<u>2,356,755</u>

The average number of employees of the company during the period was 27 (2014: 24).

There are 4 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2014: 4), and 4 directors to whom retirement benefits are accruing under a defined contribution scheme (2014: 4).

Remuneration in respect of directors was as follows:

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Emoluments	<u>861,787</u>	<u>879,326</u>

Included in emoluments for the period ended 31 January 2015 are pension contributions of £50,834 (2014: £49,631). The value of emoluments incurred directly by the company was £861,787, (2014: £879,326).

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

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Emoluments	<u>291,371</u>	<u>326,842</u>

Harrods Estates Limited

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

..... *continued*

7 Dividends

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Other Income		
Dividends receivable from group undertakings	<u>250,000</u>	<u>250,000</u>

8 Taxation

Tax on (loss)/profit on ordinary activities

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Current tax		
Group relief receivable	(210,907)	(59,157)
Adjustments in respect of previous years	<u>2,225</u>	<u>-</u>
UK Corporation tax	(208,682)	(59,157)
Deferred Tax		
Origination and reversal of timing differences	(3,870)	3,939
Tax included in STRGL: Current tax relief on pension scheme	<u>22,029</u>	<u>10,312</u>
Total tax on (loss)/profit on ordinary activities	<u>(190,523)</u>	<u>(44,906)</u>

Factors affecting current tax charge for the period

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

The differences are reconciled below:

Harrods Estates Limited

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

..... continued

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
(Loss)/profit on ordinary activities before taxation	(632,771)	45,646
Corporation tax at standard rate	(134,907)	10,572
Capital allowances in excess of depreciation	495	(3,540)
Income not assessable for tax purposes	(52,990)	(55,877)
Adjustments to tax charge in respect of prior periods	2,225	-
Tax relief in relation to pension contributions	(23,505)	(10,312)
Total current tax	(208,682)	(59,157)

9 Tangible fixed assets

	Fixtures, fittings, equipment and shopfits £
Cost or valuation	
At 2 February 2014	680,351
Additions	61,532
At 31 January 2015	741,883
Depreciation	
At 2 February 2014	431,404
Charge for the period	44,935
At 31 January 2015	476,339
Net book value	
At 31 January 2015	265,544
At 1 February 2014	248,947

10 Investments Held As Fixed Assets

	31 January 2015 £	1 February 2014 £
Shares in group undertakings and participating interests	2	2

Harrods Estates Limited

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

..... *continued*

The fixed asset investment of £2 (2014: £2) represents the net book value of 2 ordinary shares held in the wholly owned subsidiary undertaking PL Management Company Limited, a company registered England and Wales.

11 Debtors

	31 January 2015 £	1 February 2014 £
Trade debtors	381,424	843,582
Amounts owed by group undertakings and undertakings	11,140	252,704
Prepayments and accrued income	139,715	110,882
Other debtors	208,681	62,222
Deferred tax	7,413	3,543
	<u>748,373</u>	<u>1,272,933</u>

12 Creditors: Amounts falling due within one year

	31 January 2015 £	1 February 2014 £
Trade creditors	30,836	10,547
Other taxes and social security	28,382	44,406
Accruals and deferred income	440,603	678,669
Other creditors	23,013	47,061
	<u>522,834</u>	<u>780,683</u>

13 Creditors: Amounts falling due after more than one year

	31 January 2015 £	1 February 2014 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>1,119,433</u>	<u>815,280</u>

Harrods Estates Limited

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

..... continued

14 Deferred Taxation

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 31 January 2015 or at 2 February 2014.

	Amount Provided £
At 2 February 2014	7,413
At 31 January 2015	7,413

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

	31 January 2015 £	1 February 2014 £
Depreciation in advance of capital allowances	7,413	3,543
	7,413	3,543

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

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

15 Called up share capital

Allotted, called up and fully paid shares

	31 January 2015 £	1 February 2014 £
640,000 Allotted, called up and fully paid of £1 each (2014: 640,000)	640,000	640,000

16 Reserves

	Profit and loss account £
At 2 February 2014	(697,406)

Harrods Estates Limited

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

..... *continued*

Loss for the period	(442,248)
Actuarial loss on pension schemes	(174,826)
Deferred tax relating to actuarial gain/loss on pension schemes	34,965
At 31 January 2015	<u>(1,279,515)</u>

17 Capital commitments

The company had no capital commitments at 31 January 2015 or at 2 February 2014.

18 Contingent liabilities

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

There were no other contingent liabilities at 31 January 2015 or at 2 February 2014.

19 Retirement benefits obligations

Defined contribution pension scheme

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

The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £95,131 (2014 - £71,882).

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

Harrods Estates Limited

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

..... continued

Retirement benefit obligations (continued)

Defined benefit pension schemes

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

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

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

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

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

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

The next full actuarial valuation is scheduled in April 2015.

Harrods Estates Limited

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

..... *continued*

Retirement benefit obligations (continued)

Defined Benefit Pension Scheme

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	31 January 2015 £	1 February 2014 £
Fair value of scheme assets	3,044,888	1,298,494
Present value of scheme liabilities	(3,109,576)	(1,288,720)
	(64,688)	9,774
Irrecoverable surplus	-	(9,774)
Defined benefit pension scheme deficit	(64,688)	-
Related deferred tax asset	12,938	-
Net liability in the balance sheet	(51,750)	-

Scheme assets

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

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Fair value at start of period	1,298,494	1,266,290
Expected return on assets	135,632	56,423
Actuarial gains and losses	293,675	(29,880)
Employer contributions	89,107	44,525
Benefits paid	(79,671)	(38,864)
Transfers	1,307,651	-
Fair value at end of period	3,044,888	1,298,494

Harrods Estates Limited

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

..... *continued*

Retirement benefit obligations (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 January 2015 £	1 February 2014 £
Equity instruments	992,314	425,625
Debt instruments	1,236,475	516,557
Cash	276,041	107,762
Other assets	540,058	248,550
	<u>3,044,888</u>	<u>1,298,494</u>

Actual return on scheme's assets

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Actual return on scheme assets	<u>429,307</u>	<u>26,543</u>

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

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

Harrods Estates Limited

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

..... *continued*

Retirement benefit obligations (continued)

Scheme liabilities

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

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Present value at start of period	1,288,720	1,246,009
Actuarial gains and losses	488,120	25,152
Interest cost	114,598	56,423
Benefits paid	(79,671)	(38,864)
Liabilities assumed in business combinations	1,297,809	-
Present value at end of period	<u>3,109,576</u>	<u>1,288,720</u>
Analysed as:		
Present value arising from wholly or partly funded schemes	<u>3,109,574</u>	<u>1,288,720</u>

Harrods Estates Limited

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

..... continued

Retirement benefit obligations (continued)

Principal actuarial assumptions

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

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

Post retirement (at age 60) mortality assumptions

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

Amounts recognised in the profit and loss account

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Amounts recognised in operating loss		
(Losses)/ gains on curtailments and settlements	(21,034)	-
Recognised in arriving at operating loss	(21,034)	-
Amounts recognised in other finance (income)/cost		
Interest cost	114,598	56,423
Expected return on scheme assets	(135,632)	(56,423)
Recognised in other finance (income)/ cost	(21,034)	-
Total recognised in the profit and loss account	(42,068)	-

Harrods Estates Limited

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

..... *continued*

Retirement benefit obligations (continued)

Amounts recognised in the statement of total recognised gains and losses

	52 weeks ended 31 January 2015 £	52 weeks ended 1 February 2014 £
Actual return less expected return on scheme assets	293,675	(29,877)
Effect of irrecoverable surplus	19,617	10,505
Changes in assumption	(488,118)	(25,153)
Actuarial gain and losses recognised in the Statement of Total Recognised Gains and Losses	<u>(174,826)</u>	<u>(44,525)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and (losses) since 1 January 2002 is (£681,902) (2014 - (£507,076)).

Harrods Estates Limited

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

..... continued

Retirement benefit obligations (continued)

History of experience adjustments on scheme assets and liabilities

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

	31 January 2015 £	1 February 2014 £	2 February 2013 £	28 January 2012 £	29 January 2011 £
Fair value of scheme assets	3,044,888	1,298,494	1,266,290	1,184,272	1,280,890
Present value of scheme liabilities	(3,109,576)	(1,288,720)	(1,246,009)	(1,176,955)	(1,045,025)
(Deficit)/surplus in scheme	<u>(64,688)</u>	<u>9,774</u>	<u>20,281</u>	<u>7,317</u>	<u>235,865</u>
Experience adjustments:					
	31 January 2015 £	1 February 2014 £	2 February 2013 £	28 January 2012 £	29 January 2011 £
Experience adjustments arising on scheme assets	<u>293,675</u>	<u>(29,877)</u>	<u>23,937</u>	<u>9,576</u>	<u>25,137</u>

20 Operating lease commitments

Operating lease payments amounting to £353,206 (2014: £292,864) are due within one year. The leases to which these amounts relate expire as follows:

	31 January 2015 £	1 February 2014 £
Land and buildings		
Over five years	<u>353,206</u>	<u>292,864</u>

21 Transactions with related parties

The company is a wholly owned subsidiary of Harrods Group (Holding) 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.

Harrods Estates Limited

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

..... continued

22 Ultimate parent undertaking

Harrods Estates Limited is a company registered in England and Wales. The ultimate United Kingdom parent undertaking of Harrods Estates Limited is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited and the smallest such group of undertakings, including the company, is headed by Harrods Limited. The group accounts will be filed with the Registrar of Companies in due course.

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party.