

**GENAVCO INSURANCE  
LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

3 FEBRUARY 2007



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**GENAVCO INSURANCE LIMITED**

**FINANCIAL STATEMENTS**

**For the period ended 3 FEBRUARY 2007**

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# **GENAVCO INSURANCE LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with the audited financial statements for the 53 weeks ended 3 February 2007

### **Principal activity**

The company's principal activity continues to be that of insurance broking

### **Business review**

There was a profit for the period after taxation amounting to £659,284 (2006 £497,574) The directors paid a dividend during the year of £nil (2006 £750,000)

### **Directors**

The present membership of the Board is set out below All served on the Board throughout the period

Mr P K Winstone (Chairman)  
Mr D Meur  
Mr M J McClymont

### **Statement of directors' responsibilities**

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

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

In so far as the directors are aware

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

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

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

# GENAVCO INSURANCE LIMITED

## REPORT OF THE DIRECTORS

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### Financial risk management objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, especially credit risk which is explained in more detail below.

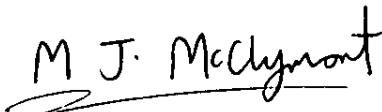
### Credit risk

The Company's principal credit risk relates to the recovery of trade debtors. This is managed by requiring clients to pay within agreed credit terms. Non payment within these terms puts clients' insurance cover at risk.

### Auditors

Grant Thornton UK LLP, having offered themselves for reappointment as auditors, shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



M J McClymont  
Secretary

27 July 2007

87 - 135 Brompton Road  
Knightsbridge  
London  
SW1X 7XL

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GENAVCO INSURANCE LIMITED**

We have audited the financial statements of Genavco Insurance Limited for the year ended 3 February 2007 which comprise the principal accounting policies, the profit and loss account, the statement of total recognised gains and losses, the balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 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 directors and auditors**

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

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

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

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

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

### **Basis of audit opinion**

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

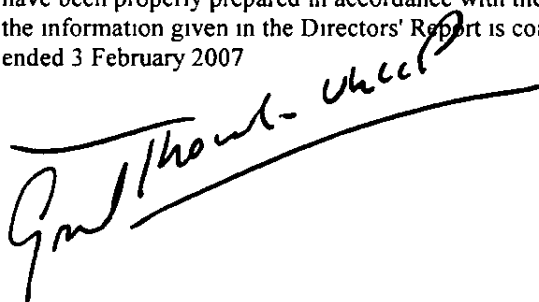
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
GENAVCO INSURANCE LIMITED**

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 3 February 2007 and of its profit for the period then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the period ended 3 February 2007

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

**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**LONDON  
27 JULY 2007**

# **GENAVCO INSURANCE LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The principal accounting policies of the company remain unchanged from the previous period and are set out below

### **TURNOVER**

Turnover represents the amount of broking commission earned by the company net of commission rebates, introductory commission and foreign exchange differences. Commission is recognised when a debit note is issued to the insured with appropriate adjustments made where performance of services relating to insurance policies are not yet complete.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are

Fixtures and fittings	between 4 and 5 years
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### **OPERATING LEASES**

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

### **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.

Deferred tax relating to defined benefit pension scheme surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

### **FOREIGN CURRENCY**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

## RETIREMENT BENEFITS OBLIGATIONS

### *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*

The company is a member of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the company and employees. Payment is made to the pension trust, which is separate from the company and the Harrods Holdings Group, in accordance with calculations made periodically by consulting actuaries.

The company has adopted the provisions of FRS 17 'Retirement Benefits'. 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 recognized gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS 17 in Note 15 to the accounts.

**GENAVCO INSURANCE LIMITED****PROFIT AND LOSS ACCOUNT**

For the period ended 3 FEBRUARY 2007

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	Note	53 weeks ended 3 February 2007 £	52 weeks ended 28 January 2006 £
Turnover	1	1,921,344	1,791,607
Administrative expenses		<u>(1,046,639)</u>	<u>(1,150,956)</u>
<b>Operating profit</b>		<b>874,705</b>	<b>640,651</b>
Interest receivable	2	82,145	91,820
Other finance costs (FRS 17 charge)		<u>(10,733)</u>	<u>(18,658)</u>
<b>Profit on ordinary activities before taxation</b>	1	<b>946,117</b>	<b>713,813</b>
Tax on profit on ordinary activities	4	<u>(286,833)</u>	<u>(216,239)</u>
<b>Retained profit transferred to reserves</b>	11,12	<b><u>659,284</u></b>	<b><u>497,574</u></b>

All transactions arise from continuing operations

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

**GENAVCO INSURANCE LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the period ended 3 FEBRUARY 2007

	<b>53 weeks ended 3 February 2007 £</b>	<b>52 weeks ended 28 January 2006 £</b>
Profit for the financial year	<b>659,284</b>	497,574
Actuarial gain/ (loss) on pension assets	<b>292,366</b>	(305,909)
Deferred tax on actuarial (gain)/ loss	<b>(87,709)</b>	91,773
Total gains and losses relating to the period	<b>863,941</b>	283,438
Prior year adjustment	-	(605,348)
<b>Total gains and losses recognised since last financial statements</b>	<b>863,941</b>	<b>(321,910)</b>

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

**GENAVCO INSURANCE LIMITED**

**BALANCE SHEET AT 3 FEBRUARY 2007**

	Note	At 3 February 2007 £	At 28 January 2006 £
<b>Fixed assets</b>			
Tangible assets	5	37,390	40,020
<b>Current assets</b>			
Debtors	6	1,905,924	1,773,542
Cash at bank and in hand		<u>2,236,043</u>	<u>2,249,845</u>
		4,141,967	4,023,387
<b>Creditors: amounts falling due within one year</b>	7	<u>(2,810,612)</u>	<u>(2,704,192)</u>
<b>Net current assets</b>		<u>1,331,355</u>	<u>1,319,195</u>
<b>Total assets less current liabilities</b>		1,368,745	1,359,215
<b>Provisions for liabilities and charges</b>			
Retirement benefit surplus / (obligations)	8	<u>3,970</u>	<u>(850,441)</u>
		<u>1,372,715</u>	<u>508,774</u>
<b>Capital and reserves</b>			
Called up share capital	10	500,000	500,000
Profit and loss account	11	<u>872,715</u>	<u>8,774</u>
<b>Equity shareholders' funds</b>	12	<u>1,372,715</u>	<u>508,774</u>

The financial statements were approved by the Board of Directors on 27 July 2007

*D Meur*

**D Meur - Managing Director**

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

# GENAVCO INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 FEBRUARY 2007

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover arises almost entirely from within the United Kingdom. A material proportion of turnover is generated from broking transactions with group companies.

The profit on ordinary activities before taxation is stated after

	53 weeks ended 3 February 2007 £	52 weeks ended 28 January 2006 £
Auditor's remuneration Audit services	14,121	10,736
Depreciation Tangible fixed assets owned	<u>18,433</u>	<u>18,431</u>

### 2 INTEREST RECEIVABLE

	53 weeks ended 3 February 2007 £	52 weeks ended 28 January 2006 £
Net interest receivable from group undertakings	42,550	53,403
Interest on short term deposits	<u>39,595</u>	<u>38,417</u>
	<u>82,145</u>	<u>91,820</u>

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows

	53 weeks ended 3 February 2007 £	52 weeks ended 28 January 2006 £
Wages and salaries	700,270	642,622
Social security costs	73,818	59,842
Pensions paid by employers	31,890	4,459
Life Insurance	2,204	-
Other pension (credits)/costs (FRS 17)	<u>(168,689)</u>	<u>60,915</u>
	<u>639,493</u>	<u>767,838</u>

The average weekly number of employees of the company during the period was 15 (2006: 15)

**GENAVCO INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 3 FEBRUARY 2007

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**DIRECTORS AND EMPLOYEES (CONTINUED)**

Remuneration in respect of directors was as follows

	<b>53 weeks ended 3 February 2007 £</b>	<b>52 weeks ended 28 January 2006 £</b>
Emoluments	<b>183,024</b>	<b>186,610</b>
Pension contributions	<b>17,055</b>	<b>22,628</b>
	<b><u>200,079</u></b>	<b><u>209,238</u></b>

Remuneration in respect of the highest paid director was as follows

	<b>53 weeks ended 3 February 2007 £</b>	<b>52 weeks ended 28 January 2006 £</b>
Emoluments	<b>112,759</b>	<b>118,280</b>
Pension contributions	<b>11,577</b>	<b>15,392</b>
	<b><u>124,336</u></b>	<b><u>133,672</u></b>

There are 2 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2006 2) and 2 directors to whom retirement benefits are accruing under a defined contribution scheme (2006 nil)

**GENAVCO INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 3 FEBRUARY 2007

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES**

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

	<b>53 weeks ended 3 February 2007 £</b>	<b>52 weeks ended 28 January 2006 £</b>
Corporation tax at 30% (2006 30%) comprises		
Group relief	<b>207,270</b>	219,800
Deferred tax		
- (origination and reversal of timing differences)	<b>(862)</b>	(652)
- offset against FRS 17 asset / (liability)	<b>80,425</b>	(2,909)
	<b><u>286,833</u></b>	<b><u>216,239</u></b>
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	<b>946,117</b>	713,813
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 30%)	<b>283,835</b>	214,144
Effect of		
Expenses not deductible for tax purposes	<b>2,998</b>	1,862
Capital allowances for the period in excess of depreciation	<b>862</b>	884
Income and expenses assessed relieved on a cash basis	<b>(80,425)</b>	2,910
Current tax charge for period	<b><u>207,270</u></b>	<b><u>219,800</u></b>

**5 TANGIBLE FIXED ASSETS**

	<b>Fixtures, fittings and equipment £</b>
Cost	
At 29 January 2006	111,908
Additions	15,803
Disposals	(12,668)
At 3 February 2007	<b><u>115,043</u></b>
Depreciation	
At 29 January 2006	(71,888)
Provided in the year	(18,433)
Eliminated on disposal	12,668
At 3 February 2007	<b><u>(77,653)</u></b>
Net book amount at 3 February 2007	<b><u>37,390</u></b>
Net book amount at 28 January 2006	<b><u>40,020</u></b>

**GENAVCO INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 3 FEBRUARY 2007

**6 DEBTORS**

	At 3 February 2007 £	At 28 January 2006 £
Trade debtors	1,743,750	1,600,565
Amounts owed by Group undertakings	44,086	60,803
Prepayments and accrued income	83,395	103,034
Deferred tax asset	2,787	1,925
Other debtors	31,906	7,215
	<u>1,905,924</u>	<u>1,773,542</u>

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	At 3 February 2007 £	At 28 January 2006 £
Trade creditors	2,517,068	2,416,995
Accruals and deferred income	61,746	56,897
Corporation tax	207,270	219,800
Other creditors	24,528	10,500
	<u>2,810,612</u>	<u>2,704,192</u>

**8 PROVISIONS FOR LIABILITIES AND CHARGES**

	At 3 February 2007 £	At 28 January 2006 £
Defined benefit pension scheme asset / (liability) (note 15)	<u>3,970</u>	<u>(850,441)</u>

**GENAVCO INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 3 FEBRUARY 2007

**9 DEFERRED TAXATION**

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 3 February 2007 or 28 January 2006

	Amount provided £
Balance at 29 January 2006	1,925
Transfer to profit and loss account	862
Balance at 3 February 2007	<u>2,787</u>

**10 CALLED UP SHARE CAPITAL**

	At 3 February 2007 £	At 28 January 2006 £
Authorised 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**11 RESERVES**

	Profit and loss account £
At 29 January 2006	8,774
Profit for the financial period	659,284
Actuarial gain net of deferred tax	204,657
At 3 February 2007	<u>872,715</u>

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2007 £	2006 £
Profit for the financial period	659,284	497,574
Dividends	-	(750,000)
Net addition/(reduction) to shareholders' funds	<u>659,284</u>	<u>(252,426)</u>
Actuarial gain / (loss) - net of deferred tax	204,657	(214,136)
Shareholders' funds at 29 January 2006	<u>508,774</u>	<u>975,336</u>
Shareholders' funds at 3 February 2007	<u>1,372,715</u>	<u>508,774</u>

## **GENAVCO INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 3 FEBRUARY 2007

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#### **13 CAPITAL COMMITMENTS**

The company had capital commitments of £nil at 3 February 2007 (28 January 2006 £1,680)

#### **14 CONTINGENT ASSETS/LIABILITIES**

The Harrods Holdings Group's cash netting facility is guaranteed by Genavco Insurance Limited and other group companies. The guarantee extends to Genavco Insurance Limited's non-client bank account only.

There were no other contingent liabilities at 3 February 2007 or 28 January 2006.

#### **15 RETIREMENT BENEFIT OBLIGATIONS**

##### **Pensions schemes operated**

During the year the group has 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 £31,890 (2006 £nil). A pension accrual of £nil (2006 £nil) is included in the balance sheet in relation to this scheme.

##### **Defined Benefit Pension Scheme ("the Plan")**

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

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

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

- (i) a contribution of £3.0 million to the Plan on 15 January 2007
- (ii) a payment of £50.5 million on 15 January 2007 into an Escrow account held solely for the benefit of the Plan
- (iii) the balance of the Escrow account will be released to the Trustee by 4 February 2008
- (iv) a second ranking charge in favour of the Trustee over the properties owned by Harrods Property Limited
- (v) a lien over the inventory owned by Harrods Limited comprising goods held for resale
- (vi) the Trustee will commission an actuarial valuation of the Plan as at 5 April 2007 on a scheme specific funding basis
- (vii) monthly contributions totalling £16.3 million per annum from February 2007 for a period of 7 years, or those agreed following the Scheme Specific Funding valuation as at 5 April 2007

# GENAVCO INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 FEBRUARY 2007

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

Accordingly, during the year ended 3 February 2007, the participating employers made total contributions to the Plan of £62.5m, including a payment of £50.5 million into the abovementioned Escrow account. All participating employers have contributed to these payments, amounts contributed by Genavco Insurance Limited are summarized in the tables below

The funding position of the Plan is monitored by the Trustee and the 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

For the period ended 3 February 2007, the Group has accounted for its defined benefit pension liability in accordance with FRS 17

The triennial actuarial valuation of the Harrods Holdings Group Pension Plan was undertaken as at 6 April 2005 by qualified independent actuaries, Hymans Robertson

Using the results of the actuarial valuation, an approximate actuarial assessment of the Plan for FRS 17 purposes has been carried out as at 3 February 2007 using the projected unit method of valuation. The major assumptions used by the actuary were

	3 February 2007	% per annum 28 January 2006	29 January 2005
Discount rate	5.3%	4.7%	5.3%
Inflation assumption	3.0%	3.0%	2.9%
Rate of increase in salaries	n/a	4.5%	4.4%
Rate of pension increases (LPI 5%)	2.9%	2.9%	2.8%
Rate of pension increases (LPI 2.5%)	2.5%	2.5%	n/a
Longevity at age 60 for current pensioners			
- Men	24.6	24.5	21.2
- Women	27.6	27.5	24.2
Longevity at age 60 for future pensioners			
- Men	25.9	25.8	22.6
- Women	28.9	28.8	25.6

The sensitivities regarding these assumptions are as follows

	Change in assumption	Effect on value of liabilities
Discount rate	Increase/decrease by 0.5% p.a.	Decrease/increase by 10.0% p.a.
Inflation assumption	Increase/decrease by 0.5% p.a.	Increase/decrease by 10.0% p.a.
Longevity	Increase by 1 year	Increase by 3%

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 FEBRUARY 2007

**RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)**

At 3 February 2007 the company's share of the market value of the assets in the Plan, the expected long-term rate of return from them and the company's share of the present value of Plan liabilities, all as defined in accordance with FRS 17 and valued by the Harrods Holdings Group's actuary were as follows

	As at 3 February 2007		As at 28 January 2006		As at 29 January 2005	
	£'000	Expected long-term rate of return % per annum	£'000	Expected long-term rate of return % per annum	£'000	Expected long-term rate of return % per annum
Equities	1,294	7.5%	1,660	7.0%	1,300	7.6%
Corporate bonds	215	5.5%	282	4.7%	276	5.3%
Government bonds	263	4.6%	159	4.0%	131	4.6%
Total return investments	444	7.5%	-	n/a	-	n/a
Active currency	107	9.8%	-	n/a	-	n/a
Other	-	n/a	58	4.0%	25	4.6%
Total asset held by the Plan	2,323		2,159		1,732	
Monies held in Escrow	462	4.8%	-	n/a	-	n/a
<b>Total market value of assets</b>	<b>2,785</b>		<b>2,159</b>		<b>1,732</b>	
Present value of plan liabilities	(2,977)		(3,374)		(2,631)	
<b>Deficit of the plan</b>	<b>(192)</b>		<b>(1,215)</b>		<b>(899)</b>	
Related deferred tax asset	196		364		270	
<b>Net pension asset / (liability) under FRS 17</b>	<b>4</b>		<b>(851)</b>		<b>(629)</b>	

As at 31 January 2004, the company's share of the total market value of assets in the plan was £1,564,000, the company's share of the present value of plan liabilities was £2,340,000, resulting in a deficit in the plan of £776,000 (before related deferred tax asset)

# GENAVCO INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 FEBRUARY 2007

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	3 February 2007 £'000	28 January 2006 £'000
<b>Profit and Loss disclosures</b>		
<b>Analysis of amounts charged to operating profit</b>		
Current service cost	14	71
Curtailment and settlements	(183)	(10)
Total operating (credit) / charge	(169)	61
<b>Analysis of amounts included as other finance costs</b>		
Expected return on pension plan assets	(139)	(121)
Interest cost on pension plan liabilities	149	140
Net financial cost	10	19
<b>Analysis of amounts recognised in statement of total recognised gains and losses</b>		
Actual return less expected return on assets	26	309
Experience loss on liabilities	(104)	(27)
Impact of changes in assumptions relating to the present value of plan liabilities	370	(588)
Actuarial gain / loss recognised in STRGL	292	(306)
<b>Movement in the deficit during the period</b>		
Deficit in the plan at 29 January 2006	(1,215)	(899)
Current service cost	(14)	(71)
Employer contributions	110	70
Monies paid into escrow account by employers	462	-
Impact of curtailments and settlements	183	10
Net financial cost	(10)	(19)
Actuarial gain / (loss)	292	(306)
Deficit in the plan at 3 February 2007	(192)	(1,215)

### History of experience gains and losses

The following disclosures will be built up over time as a five year history

	3 February 2007		28 January 2006		29 January 2005		31 January 2004	
	£'000	%	£'000	%	£'000	%	%	£'000
Difference between actual and expected return on assets	26	0.9%	309	14.3%	55	3.2%	213	13.6%
Experience (losses)/gains on liabilities	(104)	(3.5%)	(27)	(0.8%)	-	-	(51)	(2.2%)
Amount recognised in statement of total recognised gains and losses against liabilities	292	9.8%	(306)	(9.1%)	(86)	(3.3%)	69	2.9%

# GENAVCO INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 FEBRUARY 2007

### 16 OPERATING LEASE COMMITMENTS

	2007 £	2006 £
Annual commitments under operating leases for occupied premises expire as follows		
Within one year	20,875	-
In the second to fifth year	-	46,960
	<u>20,875</u>	<u>46,960</u>

### 17 TRANSACTIONS WITH RELATED PARTIES

The company is a wholly owned subsidiary of Harrods Holdings Limited and, as permitted by Financial Reporting Standard 8 "Related party disclosures" transactions with other entities in the Harrods Holdings Group are not disclosed

Insurance broking transactions have also been undertaken with parties related to the beneficial owners of the ultimate parent undertaking. These transactions generated turnover of £91,745 in the 53 weeks ended 3 February 2007 (2006: £97,490). Trade debtors include £110,972 (2006: £289,000) of insurance premiums due from the above related parties.

There are no other related party transactions.

### 18 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Genavco Holdings Limited. The ultimate United Kingdom holding company of Genavco Holdings Limited is Harrods Holdings Limited, a company registered in England and Wales, which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and the largest group which consolidates the results of the company. The group accounts will be filed with the Registrar of Companies in due course.

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