

HARRODS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

53 WEEKS ENDED 2 FEBRUARY 2002



Registered Number: 1848143

HARRODS HOLDINGS LIMITED

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HARRODS HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of Harrods Holdings Limited and its subsidiary companies ("the Group") for the 53 weeks ended 2 February 2002.

Principal Activity

The principal activity of the Company is that of an investment holding company, the principal subsidiaries of which continue to operate retail businesses.

Directors and their Interests

The present Directors of the Company are:

M Al Fayed
A Fayed (Chairman)
J Byrne
W C Najdecki
A Tanna
M Wikstrom (appointed 16.11.01)

The other Director who served during the year was:

J J Whitacre (resigned 12.11.01)

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

M Al Fayed and A Fayed are beneficially interested in the shares of the Company as described in Note 22. No other Director in office during the year held any beneficial interest in the shares of the Company or of any of its subsidiary undertakings at 28 January 2001, at date of appointment or at 2 February 2002.

Except as disclosed in Notes 13 and 23, no Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business of the Group or the Company.

Results and Dividends

Turnover for the 53 weeks ended 2 February 2002 totalled £540.8 million (2001: £540.2 million).

The Group's profit after taxation for the 53 weeks ended 2 February 2002 amounted to £15.6 million (2001: restated £7.9 million profit).

The Directors paid a dividend of £74.0 million (2001: £59.6 million) in respect of the year.

Review of the Business and Future Developments

The Directors consider the trading performance of the Group to be satisfactory. The Group faced difficult trading conditions throughout the year due to external factors such as the general downturn in the world economy, the foot and mouth epidemic and the September 11 events, which all affected tourism and travel to London.

The Directors expect market conditions to remain difficult during the coming year, due to the impact of current world events, but they consider the business to be well placed to overcome these.

HARRODS HOLDINGS LIMITED

DIRECTORS' REPORT

Employee Involvement

Information is provided regularly by means of normal management communication channels using written material, face-to-face meetings and video presentations.

Consultation with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. Employees are made aware of their contribution to the Group through individual performance appraisals.

Disabled Persons

It is the policy of the Group 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.

Pension Plan

The Harrods Group Pension Plan has two member trustees amongst its trustee board. It also has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan. Further details of the Plan are set out in Note 10 to the financial statements.

Donations

The charitable donations made and charged in the accounts amounted to £0.9 million (2001: £1.0 million). No political contributions were made.

Payment of Creditors

It is the Group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The Group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. The Group takes on average 24 days to pay its creditors (2001: 26).

Creditor days for the Company have not been shown as there are no trade creditors.

Auditors

Grant Thornton were appointed auditors on 23 January 2002 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the next Annual General Meeting.

HARRODS HOLDINGS LIMITED
DIRECTORS' REPORT (Continued)

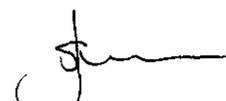
Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 10 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 2 February 2002 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



S JERMAN
Secretary
28 June 2002

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

HARRODS HOLDINGS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARRODS HOLDINGS LIMITED

We have audited the financial statements of Harrods Holdings Limited for the period ended 2 February 2002 which comprise the consolidated profit and loss account, the note of historical cost profit and losses, the reconciliation of movement in shareholders' funds, the balance sheets, the consolidated cash flow statement and notes 1 to 24 on pages 10 to 30. These financial statements have been prepared under the accounting policies set out therein.

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 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 United Kingdom auditing standards.

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 not consistent with the financial statements, if the Group or the Company have 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 transactions with the Group or the Company are not disclosed.

We read other information contained in the Directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

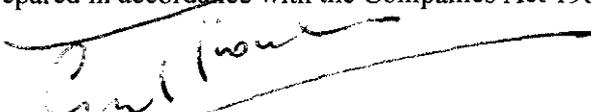
Basis of opinion

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 2 February 2002 and of the Group's results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton
Registered Auditors
London
8 June 2002

HARRODS HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 53 WEEKS ENDED 2 FEBRUARY 2002**

		53 weeks	Restated
		2 February	52 weeks
		2002	27 January
		£m	2001
			£m
Note			
	Gross Turnover	609.7	608.4
	Value added tax	(68.9)	(68.2)
		<hr/>	<hr/>
2	Turnover	540.8	540.2
	Cost of sales	(316.6)	(316.3)
		<hr/>	<hr/>
	Gross Profit	224.2	223.9
	Distribution and store costs	(166.7)	(161.3)
	Administrative expenses	(34.6)	(33.5)
		<hr/>	<hr/>
2/3	Operating Profit	22.9	29.1
13	Share of loss of associate and goodwill written off	(5.6)	(8.2)
4	Exceptional Items	22.2	5.8
	Income from other fixed asset investments	0.8	0.9
		<hr/>	<hr/>
	Profit before Interest and Taxation	40.3	27.6
5	Net Interest	(22.7)	(22.0)
		<hr/>	<hr/>
	Profit on Ordinary Activities before Taxation	17.6	5.6
6	Taxation	(2.0)	2.3
		<hr/>	<hr/>
	Profit on Ordinary Activities after Taxation	15.6	7.9
8	Dividends	(74.0)	(59.6)
		<hr/>	<hr/>
	Retained Loss Transferred from Reserves	(58.4)	(51.7)
		<hr/> <hr/>	<hr/> <hr/>

All turnover and operating profit arise from continuing activities.

There are no recognised gains or losses in the period other than those reported above.

The movements on reserves are shown in Note 19.

The Notes on pages 10 to 30 form part of these accounts.

HARRODS HOLDINGS LIMITED
53 WEEKS ENDED 2 FEBRUARY 2002

	53 weeks 2 February 2002 £m	Restated 52 weeks 27 January 2001 £m
NOTE OF HISTORICAL COST PROFITS AND LOSSES		
Reported profit on ordinary activities before taxation	17.6	5.6
Realisation of property revaluation gains of previous years	11.9	0.7
Difference between depreciation on historical cost and revalued basis	0.5	0.4
	<u>30.0</u>	<u>6.7</u>
Historical cost profit for the year before taxation	<u>30.0</u>	<u>6.7</u>
Historical cost deficit for the year retained after taxation and dividends	<u>(46.0)</u>	<u>(50.6)</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Profit on ordinary activities after taxation as previously stated	15.6	3.0
Prior year deferred tax adjustment	-	4.9
	<u>15.6</u>	<u>7.9</u>
Profit on ordinary activities after taxation restated	<u>15.6</u>	<u>7.9</u>
Dividends	(74.0)	(59.6)
	<u>(58.4)</u>	<u>(51.7)</u>
Loss in the financial year	<u>(58.4)</u>	<u>(51.7)</u>
Net reduction to shareholders' funds	<u>(58.4)</u>	<u>(51.7)</u>
Opening shareholders' funds as previously stated	454.6	511.2
Prior year's deferred tax adjustments (net effects)	(11.1)	(16.0)
	<u>443.5</u>	<u>495.2</u>
Opening shareholders' funds as restated	<u>443.5</u>	<u>495.2</u>
Closing shareholders' funds	<u>385.1</u>	<u>443.5</u>

HARRODS HOLDINGS LIMITED

**BALANCE SHEETS
AT 2 FEBRUARY 2002**

Note	Consolidated		Company		
	2 February 2002 £m	Restated 27 January 2001 £m	2 February 2002 £m	Restated 27 January 2001 £m	
Fixed Assets					
11	Intangible Assets	2.6	2.9	-	-
12	Tangible assets	696.1	729.4	0.1	0.1
13	Investments	7.7	36.7	549.4	602.3
		<u>706.4</u>	<u>769.0</u>	<u>549.5</u>	<u>602.4</u>
Current Assets					
14	Stocks	51.5	47.8	-	-
15	Debtors due within one year	34.0	30.0	6.1	8.1
15	Debtors due after more than one year	-	0.1	-	0.1
	Cash and bank balances	29.6	18.0	10.5	37.3
		<u>115.1</u>	<u>95.9</u>	<u>16.6</u>	<u>45.5</u>
Creditors					
16	Amounts falling due within one year	(86.7)	(80.7)	(181.0)	(204.4)
	Net Current Assets/(Liabilities)	<u>28.4</u>	<u>15.2</u>	<u>(164.4)</u>	<u>(158.9)</u>
Total Assets Less Current Liabilities					
		734.8	784.2	385.1	443.5
Creditors					
16	Amounts falling due after more than one year	(336.8)	(329.1)	-	-
17	Provisions for Liabilities and Charges	(12.9)	(11.6)	-	-
		<u>385.1</u>	<u>443.5</u>	<u>385.1</u>	<u>443.5</u>
Capital and Reserves					
18	Called up share capital	50.0	50.0	50.0	50.0
19	Revaluation reserve	293.5	305.4	325.2	378.1
19	Profit and loss account	41.6	88.1	9.9	15.4
	Total Shareholders' Funds (inc. non-equity interests of £2)	<u>385.1</u>	<u>443.5</u>	<u>385.1</u>	<u>443.5</u>

The Notes on pages 10 to 30 form part of these accounts.

Approved by the Board on 28 June 2002


W C NAJDECKI
Director

HARRODS HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT

	53 weeks 2 February 2002 £m	52 weeks 27 January 2001 £m
Net Cash Inflow from Operating Activities	45.2	56.3
Returns on Investments and Servicing of Finance		
Interest received	1.1	1.2
Interest paid	(22.6)	(25.6)
Issue costs of new bank loan	-	(5.0)
Dividends received from fixed asset investments	0.5	0.5
Rent received from properties	0.3	0.5
	<u>(20.7)</u>	<u>(28.4)</u>
Taxation paid	<u>(1.7)</u>	<u>(1.7)</u>
Capital Expenditure		
Purchase of tangible fixed assets	(31.3)	(30.1)
Disposal of tangible fixed assets	49.5	25.9
	<u>18.2</u>	<u>(4.2)</u>
Acquisitions and Disposals		
Purchase of a business	-	(10.5)
Purchase of associated undertaking	-	(32.3)
Disposal of associated undertaking	37.3	-
	<u>37.3</u>	<u>(42.8)</u>
Equity Dividends Paid	<u>(74.0)</u>	<u>(59.6)</u>
Net cash inflow/(outflow) before use of liquid resources and financing	4.3	(80.4)
Financing		
Increase in borrowings	<u>7.3</u>	<u>53.3</u>
Increase/(Decrease) in Cash	<u>11.6</u>	<u>(27.1)</u>

The Notes on pages 10 to 30 form part of these accounts.

HARRODS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	53 weeks 2 February 2002 £m	52 weeks 27 January 2001 £m
Operating profit	22.9	29.1
Depreciation charged	23.0	23.6
Amortisation of goodwill	0.2	-
Loss on disposal of tangible assets	-	0.2
Relocation costs	(1.3)	-
(Increase)/Decrease in stocks	(3.7)	3.0
Decrease in debtors	0.4	2.6
Increase/(Decrease) in creditors	3.7	(2.2)
Net cash inflow from operating activities	<u>45.2</u>	<u>56.3</u>

b) Reconciliation of Net Cash Flow to Movement in Net Debt	53 weeks 2 February 2002 £m	52 weeks 27 January 2001 £m
Increase/(Decrease) in cash in the period	11.6	(27.1)
Cash inflow from increase in debt	(6.8)	(48.4)
Movement in net debt in the period	4.8	(75.5)
Other non cash charges	(0.5)	(0.1)
Net debt at 27 January 2001	<u>(315.5)</u>	<u>(239.9)</u>
Net debt at 2 February 2002	<u>(311.2)</u>	<u>(315.5)</u>

c) Analysis of Net Debt	27 January 2001 £m	Cash Flow £m	Other Non-cash charges	2 February 2002 £m
Cash in hand and at bank	18.0	11.6	-	29.6
Bank loan	<u>(333.5)</u>	<u>(6.8)</u>	<u>(0.5)</u>	<u>(340.8)</u>
	<u>(315.5)</u>	<u>4.8</u>	<u>(0.5)</u>	<u>(311.2)</u>

Non-cash charges represent amortisation of issue costs relating to new bank loan.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Accounting Policies

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the Group's properties, and comply with applicable accounting standards.

The Group has adopted Financial Reporting Standard 18 'Accounting Policies' in respect of these accounts. This has not resulted in any changes to the Company's accounting policies, which have been reviewed in light of FRS 18, except for those arising on adoption of FRS 19 'Deferred Tax', as explained below.

Financial Reporting Standard 19 'Deferred Tax' has been adopted by the Group with effect from 28 January 2001. FRS 19 requires that full provision is made for deferred taxation on all timing differences and replaces the previous partial provisioning policy. Accordingly, the change in policy has been dealt with as a prior period adjustment and comparatives have been restated (see Note 17).

These financial statements comply with FRS 17 'Retirement Benefits'. The Group has adopted the transitional arrangements set out in paragraph 94 of FRS 17. The pension charge has been calculated in accordance with SSAP 24.

Basis of Consolidation

The consolidated financial statements include the results of the Company and its subsidiary undertakings.

The assets of subsidiary undertakings acquired are incorporated at their fair value at the date of acquisition. The goodwill arising on the acquisition of subsidiary undertakings was charged against reserves, as permitted at the time under SSAP 22 (see note 19).

Stocks

Stocks are stated at the lower of cost and net realisable value.

Intangible fixed assets

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is stated at cost less amortisation.

Goodwill is capitalised and treated as an asset on the balance sheet in the year in which it arises. It is amortised through the profit and loss account by equal instalments over its useful economic life, which does not exceed 20 years.

Tangible Fixed Assets

Freehold and long leasehold properties are stated at cost or professional or Directors' valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. On adoption of FRS 15 in the 2001 accounts, the Group followed the transitional rules and ceased its previous policy of revaluing properties on a regular basis, instead retaining them at their current book values. The values brought forward are retained subject to the requirement to test assets for impairment in accordance with FRS11. All additions thereafter are accounted for at cost.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1 Accounting Policies (Continued)

Tangible Fixed Assets (Continued)

Depreciation is provided by the Group and the Company in order to write down to estimated residual value (if any) the cost or valuation of tangible fixed assets over their estimated useful lives by equal annual instalments, as follows:

Land	Not depreciated
Certain freehold and long leasehold properties	16-50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3-20 years
Vehicles and equipment	4-7 years

It is the practice of the Group to maintain its properties in a continual state of repair. Accordingly, for the Harrods department store in Knightsbridge, the Directors consider that the life of this asset is so long, and the residual value is so high, that the depreciation is immaterial. Any permanent diminution in the value of this property is charged to the profit and loss account as appropriate.

Fixed Asset Investments

The Group accounts for its fixed asset investments at the lower of cost or Directors' valuation less any provision required for permanent diminution in value.

Fixed asset investments in subsidiary undertakings are stated in the balance sheet of the Company at the consolidated net asset value of those subsidiary undertakings. Net surpluses are transferred to a non-distributable revaluation reserve, and net deficits are transferred from this reserve where investments have previously been revalued upwards.

Leased Assets

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

Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. This change in accounting policy arises from the implementation of FRS 19 'Deferred Tax'. This has resulted in a prior year adjustment (see note 19) and comparatives have been restated.

Defined Benefit Pension Scheme

Retirement benefits are funded by contributions from the Group and employees. Payment is made to the pension trust, which is separate from the Group, in accordance with calculations made periodically by consulting actuaries. Contributions are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the average remaining service lives of employees in the Plan.

Actuarial valuations are normally performed every three years and actuarial surpluses and deficits are amortised over the expected remaining service lives of current scheme employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet. The Group has followed the transitional arrangements allowed under FRS 17 'Retirement Benefits'. Details are set out in note 10.

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

1 Accounting Policies (Continued)

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

Gains and losses on forward foreign exchange contracts used to manage foreign exchange exposure are carried forward and taken to the profit and loss on maturity to match the underlying transactions.

2 Turnover and Segmental Analysis

Turnover is the amount receivable, excluding VAT, for goods and services supplied to customers and includes the sales of concession departments.

The Group conducts business in the following areas:

Business Analysis	53 weeks	52 weeks	53 weeks	52 weeks	53 weeks	52 weeks
	2 February 2002	27 January 2001	2 February 2002	27 January 2001	2 February 2002	27 January 2001
	£m	£m	£m	£m	£m	£m
	Turnover		Operating profit/(loss)		Operating Net Assets	
Retailing	523.5	524.3	23.9	32.2	698.4	723.9
Aviation Services	17.3	15.9	(1.0)	(3.1)	31.4	30.7
	<u>540.8</u>	<u>540.2</u>	<u>22.9</u>	<u>29.1</u>	<u>729.8</u>	<u>754.6</u>

Geographical Analysis

	53 weeks	52 weeks
	2 February 2002	27 January 2001
	£m	£m
	Turnover	
United Kingdom	527.1	525.2
Rest of Europe	3.8	2.4
Japan	6.3	8.1
Rest of World	3.6	4.5
	<u>540.8</u>	<u>540.2</u>

All costs are incurred in the UK and all operating assets are held in the UK.

Net operating assets are stated excluding fixed asset investments, net debt and tax which amount to net liabilities of £344.7million (2001restated: £311.1million). All of these items are included in net assets.

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

3 Operating Profit	53 weeks 2 February 2002 £m	52 weeks 27 January 2001 £m
Operating profit is stated after charging/(crediting):		
Depreciation on tangible fixed assets	23.0	23.6
Auditors' remuneration:		
Audit fees and expenses	0.3	0.3
Non-audit services (to previous auditors)	0.4	0.4
Rentals paid under operating leases:		
Property	2.5	2.7
Plant and machinery	0.1	0.5
Gains on foreign exchange	(1.3)	(0.9)
Royalty income	(1.7)	(2.3)
	22.2	5.8
The audit fee of the Company was £7,500 (2001: £6,500). The non-audit services fees relate to accounting and taxation advice.		
4 Exceptional Items		
Profit on sale of properties	8.4	5.8
Profit on sale of associated undertaking	13.8	-
	22.2	5.8
5 Net Interest and Finance Charges		
Payable:		
Bank loans and overdrafts	(23.8)	(23.1)
Receivable:		
Cash and bank balances	1.1	1.1
	(22.7)	(22.0)
6 Taxation		Restated
	2 February 2002	27 January 2001
Taxation on profit for the period comprises:	£m	£m
UK Corporation tax at 30% (2001 – 30%)	(0.7)	(2.6)
Total current tax	(0.7)	(2.6)
Deferred tax	(1.3)	4.9
Tax on profit on ordinary activities	(2.0)	2.3

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

6 Taxation (continued)

Factors affecting current period corporation tax

The current period corporation tax assessed for the period is lower (2001: higher) than the standard rate of corporation tax of 30% (2001 – 30%) for the following reasons:

	53 weeks 2 February 2002 £m	52 weeks 27 January 2001 £m
Profit before tax for the period	17.6	5.6
Corporation tax at the standard rate	(5.3)	(1.7)
Tax effect arising on the following:		
Expenses not deductible for tax purposes	4.0	(2.5)
Capital allowances less than depreciation	0.6	1.1
Utilisation of tax losses	0.2	-
Income and expenses assessed/relieved on a cash basis	(0.1)	0.4
Adjustments to tax charge in respect of prior periods	(0.1)	0.1
Current tax charge for the period	(0.7)	(2.6)

7 Company Profit and Loss Account

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of Harrods Holdings Limited is not presented as part of these financial statements. Harrods Holdings Limited profit for the year after taxation amounted to £68.6 million (2001: £51.2 million).

8 Dividends

Equity – Ordinary

Interim paid: 148p (2001: 119.2p) per £1 share	74.0	59.6
	74.0	59.6

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

9 Information Regarding Directors and Employees	53 weeks 2 February 2002 £000	52 weeks 27 January 2001 £000
Directors		
Emoluments excluding pension contributions	1,589	1,176
Compensation for loss of office	387	-
Payment to former Director	25	25
	2,001	1,201
Emoluments of highest paid Director		
Emoluments	520	773
Compensation for loss of office	387	-
	907	773
Accrued pension of highest paid Director	-	3

There are 4 Directors to whom retirement benefits are accruing under a defined benefit pension scheme (2001: 3).

Staff Costs	£m	£m
Wages and salaries	97.1	94.3
Social security costs	7.9	8.0
Pension costs	6.8	6.8
	111.8	109.1

	Number	Number
Average weekly number of employees during the year:		
Production	450	551
Selling and Distribution	3,967	4,019
Administration	378	385
	4,795	4,955

10 Pensions

During the year, the Group participated in the Harrods Group Pension Plan, which operated as a defined benefit group pension scheme in the United Kingdom.

The Group pays such contributions to the Plan as required in order to fund benefits for the members and pensioners. The assets of the Plan are held in trust separately from the Group. The regular pension cost charged to the profit and loss account is based on figures calculated for the Group as a whole which are such as to spread the expected pension costs over the average remaining working lives of employees who are members of the Plan. The regular cost is expressed as a level percentage of the current and expected future earnings using the projected unit method of calculation, having adopted the following actuarial assumptions:

Investment return	7.5 per cent per annum compound
Pension increases	3.25 per cent per annum compound
General increase in pensionable earnings	5.0 per cent per annum compound
UK equity net dividend yield for asset valuation purposes	2.73 per cent per annum

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

10 Pensions (Continued)

The total surplus for the Group Pension Plan as at 2 February 2002 has been determined by qualified independent actuaries who are partners of Bacon & Woodrow, Consulting Actuaries. This total surplus has been allocated to the companies within the Group by the Directors of Harrods Holdings Limited on a basis that is consistent with that adopted in prior years.

Surpluses or deficiencies and associated interest are spread over the same average period as an adjustment to regular cost.

The Group's net pension charge for the 53 weeks to 2 February 2002 was £6.8 million (2001: £6.7 million).

The pension prepayment/(liability) is as follows:	2 February 2002 £m	27 January 2001 £m
Opening balance	0.1	2.5
Contributions paid	5.2	4.3
Charge to profit and loss account	<u>(6.8)</u>	<u>(6.7)</u>
Closing balance	<u><u>(1.5)</u></u>	<u><u>0.1</u></u>

The market value of assets held within the Pension Plan as at 6 April 1999, the date of the last full actuarial valuation, was £180.7 million. At this date, the actuarial value was sufficient to cover 107.0% of the benefits that had accrued to members, after allowing for the expected future increases in earnings. The actuarial surplus is being spread over the estimated remaining service life of current employees over 15 years on a straight line basis.

SSAP 24 and Financial Reporting Standard 17

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of Financial Reporting Standard 17 'Retirement Benefits' this note now also includes the additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by FRS 17.

Financial Reporting Standard No 17

The information required in connection with FRS 17 and the defined benefit schemes is as follows:

- (a) At 2 February 2002 the market value of the assets in the schemes, the expected long-term rate of return from them and the present value of scheme liabilities, all as defined in accordance with FRS 17 and valued by the Group's actuary were as follows:

	%
	per annum
Rate of increase in salaries	3.8% pa
Rate of increase for pensions in payment	2.4% pa
Discount rate	5.6% pa
Inflation	2.3% pa

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

10 Pensions (Continued)

The assets in the scheme and the expected long-term rate of return were:

	Harrods Group Pension Plan £m	Expected long-term rate of return % per annum
Equities	128.1	7.8% pa
Corporate Bonds	22.8	5.6% pa
Government Bonds	22.3	4.8% pa
Other	0.8	4.8% pa
Total market value of assets	<u>174.0</u>	
Present value of scheme liabilities	<u>(192.5)</u>	
Deficit in the scheme	(18.5)	
Related deferred tax liability	<u>5.5</u>	
Net pension liability (measured against the market value of the assets at the Balance Sheet date)	<u><u>(13.0)</u></u>	

Whereas the asset valuation under SSAP 24 is at actuarial values based upon estimated future returns, the FRS 17 asset values reflect market value at the balance sheet date. In valuing liabilities, SSAP 24 discounts the estimated liabilities to present value using a long-term actuarial estimate of scheme investment returns, whereas FRS 17 uses the yield on AA rated corporate bonds.

- (b) If the above amount had been recognised in the financial statements the effect on the Group's net assets and profit and loss reserve at 2 February 2002, is shown below:

	2002
	£m
Consolidated net assets before pension deficit	385.1
Net pension deficit as above	<u>(13.0)</u>
Consolidated net assets after pension deficit	<u><u>372.1</u></u>
	2002
	£m
Consolidated profit and loss reserve before pension deficit	41.6
Net pension deficit as above	<u>(13.0)</u>
Consolidated profit and loss reserve after pension deficit	<u><u>28.6</u></u>

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

11 Fixed Assets – Intangible Assets

	Goodwill £m
Cost or Valuation:	
At 27 January 2001	2.9
Adjustments	(0.1)
	2.8
At 2 February 2002	2.8
Aggregate amortisation	
At 27 January 2001	-
Charge for year	(0.2)
	(0.2)
At 2 February 2002	(0.2)
Net book value:	
At 2 February 2002	2.6
At 27 January 2001	2.9

The goodwill arising on the acquisition of the Battersea Heliport, is being amortised on a straight-line basis over 20 years.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

12 Fixed Assets – Tangible Assets

Consolidated	Total	Freehold	Long Leasehold	Short Leasehold	Fixtures, Fittings Vehicles & Equipment
Cost and valuation:	£m	£m	£m	£m	£m
At 27 January 2001	822.4	611.0	0.8	4.7	205.9
Additions	34.2	10.4	2.3	-	21.5
Disposals	(51.9)	(44.2)	(0.5)	(0.1)	(7.1)
At 2 February 2002	804.7	577.2	2.6	4.6	220.3
Accumulated depreciation:					
At 27 January 2001	93.0	3.8	-	1.8	87.4
Charge for year	23.0	3.2	-	0.2	19.6
Disposals	(7.7)	(0.6)	-	-	(7.1)
Impairment loss	0.3	-	-	-	0.3
At 2 February 2002	108.6	6.4	-	2.0	100.2
Net book value:					
At 2 February 2002	696.1	570.8	2.6	2.6	120.1
At 27 January 2001	729.4	607.2	0.8	2.9	118.5
Cost and valuation:					
Valuation	493.3	490.7	2.6	-	-
Cost	311.4	86.5	-	4.6	220.3
	804.7	577.2	2.6	4.6	220.3
Historical cost					
At 2 February 2002	516.4	289.0	2.5	4.6	220.3
Depreciation on historical cost at 2 February 2002	(107.9)	(6.1)	-	(1.7)	(100.1)
Net historical cost at 2 February 2002	408.5	282.9	2.5	2.9	120.2
At 27 January 2001	517.0	305.9	0.5	4.7	205.9
Depreciation on historical cost at 27 January 2001	(92.6)	(3.4)	-	(1.8)	(87.4)
Net historical cost at 27 January 2001	424.4	302.5	0.5	2.9	118.5

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

12 Fixed Assets – Tangible Assets (Continued)

Freehold properties are stated at cost or professional or Directors' valuation. All other fixed assets are stated at cost. On adoption of FRS 15, the Group followed the transitional provisions and ceased its previous policy of revaluing its properties, instead retaining them at their current book values.

Some of the freehold and long leasehold properties of the Group were valued independently as at 31 December 1999. Those properties primarily occupied by the Group were valued on the basis of Existing Use Value and the remainder (principally residential and development properties) on the basis of Open Market Value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The Group's principal valuers are: Healey & Baker, International Real Estate Consultants, and W.A. Ellis, Estate Agents and Surveyors. The remainder of the freehold and long leasehold properties were revalued by the Directors as at 31 December 1999. These valuations were adopted by the Directors and incorporated in the financial statements at 29 January 2000.

Included in the cost element above is £52.5 million representing the cost of unfinished projects at the year end (2001: £47.3 million).

	Total £m	Short Leasehold £m	Fixtures Fittings Vehicles & Equipment £m
Company			
Cost:			
At 27 January 2001	0.6	0.3	0.3
At 2 February 2002	0.6	0.3	0.3
Accumulated depreciation:			
At 27 January 2001	(0.5)	(0.3)	(0.2)
At 2 February 2002	(0.5)	(0.3)	(0.2)
Net book value:			
At 2 February 2002	0.1	-	0.1
At 27 January 2001	0.1	-	0.1

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

13 Fixed Assets – Investments

Consolidated	Total £m	Unlisted Investments £m	Associated Undertakings £m
Cost/Valuation:			
At 27 January 2001			
Goodwill	39.5	-	39.5
Other	2.9	7.7	(4.8)
	<u>42.4</u>	<u>7.7</u>	<u>34.7</u>
Disposal - Goodwill	(39.5)	-	(39.5)
- Other	5.1	-	5.1
Share of retained loss	(0.3)	-	(0.3)
	<u>(39.5)</u>	<u>-</u>	<u>(39.5)</u>
At 2 February 2002			
Goodwill	-	-	-
Other	7.7	7.7	-
	<u>7.7</u>	<u>7.7</u>	<u>-</u>
Amounts Written off			
At 27 January 2001			
Goodwill	(5.7)	-	(5.7)
Other	-	-	-
	<u>(5.7)</u>	<u>-</u>	<u>(5.7)</u>
Amortisation of Goodwill for the year	(5.3)	-	(5.3)
Disposal of Goodwill	11.0	-	11.0
	<u>11.0</u>	<u>-</u>	<u>11.0</u>
At 2 February 2002			
Goodwill	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net book value:			
At 2 February 2002			
Goodwill	-	-	-
Other	7.7	7.7	-
	<u>7.7</u>	<u>7.7</u>	<u>-</u>
At 27 January 2001			
Goodwill	33.8	-	33.8
Other	2.9	7.7	(4.8)
	<u>36.7</u>	<u>7.7</u>	<u>29.0</u>

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

13 Fixed Assets – Investments (Continued)

Unlisted Investments

Harrods Bank Limited

Harrods Bank Limited, a company registered in England, has been accounted for as an unlisted investment, due to it having independent management and control (in accordance with Bank of England direction in 1991), although the Group continues to retain 100% ownership through the non-voting shares. The consolidated investment of £7.7million includes an amount of £5.4 million, which represents the share of post-acquisition reserves frozen at the point control transferred.

Associated Undertakings

Harrods Online Limited

In October 2001 the Group disposed of its shareholding in Harrods Online Limited at cost to Danamon Enterprises BV, a related party.

The investment in Harrods Online Limited was accounted for as an associated undertaking in the books of the Group. Consequently, the Group's share of the losses in equity accounting for the investment, have been recouped and a gain on sale has been reported net of the write off of the remaining goodwill balance, as set out in note 4.

Company	Total £m
Investments in subsidiaries at 27 January 2001 as previously stated	613.4
Prior year deferred tax adjustment (note 1)	(11.1)
Investments in subsidiaries at 27 January 2001 as restated	602.3
Share of net deficit for the year	(52.9)
Investments in subsidiaries at 2 February 2002	549.4
Representing:	
Cost of investment at 2 February 2002	224.2
Share of post acquisition reserves	325.2
	549.4

14 Stocks	Consolidated	
	2 February 2002 £m	27 January 2001 £m
Raw materials and consumables	0.6	0.6
Work in progress	0.4	0.8
Finished goods for resale	50.5	46.4
	51.5	47.8

There were no significant differences between the replacement cost of stocks at 2 February 2002 and the amounts at which they are stated in the accounts. There is no stock held by the Company (2001: £nil).

HARRODS HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (Continued)

	Consolidated		Company	
	2 February	27 January	2 February	27 January
	2002	2001	2002	2001
	£m	£m	£m	£m
15 Debtors				
Amounts due within one year:				
Trade debtors	12.4	9.7	-	-
Amounts owed by group undertakings	-	-	5.8	7.5
Other debtors	5.4	9.9	0.2	0.6
Prepayments and accrued income	16.2	10.4	0.1	-
	<u>34.0</u>	<u>30.0</u>	<u>6.1</u>	<u>8.1</u>
Amounts due after more than one year:				
Pension prepayment	-	0.1	-	0.1
	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>0.1</u>

	Consolidated		Company	
	2 February	27 January	2 February	27 January
	2002	2001	2002	2001
	£m	£m	£m	£m
16 Creditors				
Amounts falling due within one year:				
Bank loans	4.0	4.4	-	-
Trade creditors	37.4	33.8	-	-
Amounts owed to group undertakings	-	-	180.1	203.1
Other creditors	9.2	6.6	0.1	0.3
Taxation and social security	10.5	10.8	-	-
Accruals and deferred income	25.6	25.1	0.8	1.0
	<u>86.7</u>	<u>80.7</u>	<u>181.0</u>	<u>204.4</u>

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

	Consolidated		Company	
	2 February 2002 £m	27 January 2001 £m	2 February 2002 £m	27 January 2001 £m
16 Creditors (continued)				
Amounts falling due after more than one year:				
Bank loan	<u>336.8</u>	<u>329.1</u>	<u>-</u>	<u>-</u>
Bank loan with repayment dates:				
In one year or less	4.0	4.8	-	-
between one and two years	3.9	4.0	-	-
between two and five years	14.5	12.8	-	-
beyond five years	<u>322.8</u>	<u>316.8</u>	<u>-</u>	<u>-</u>
	345.2	338.4	-	-
Issue costs	(5.0)	(5.0)	-	-
Amortisation costs	<u>0.6</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
	<u>340.8</u>	<u>333.5</u>	<u>-</u>	<u>-</u>
Comprises:				
Within one year	4.0	4.4		
More than one year	<u>336.8</u>	<u>329.1</u>		
	<u>340.8</u>	<u>333.5</u>		

The bank loan, which is repayable quarterly in arrears over 20 years, is secured by way of fixed and floating charges over the Group's assets. Interest is linked to LIBOR. The Group entered into a swap arrangement to eliminate interest rate risk.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

17 Provisions for Liabilities and Charges		Restated
	2 February	27 January
Deferred Tax	2002	2001
	£m	£m
Balance at 27 January 2001	11.6	16.5
Provided/(released) in the year	1.3	(4.9)
Balance at 2 February 2002	<u>12.9</u>	<u>11.6</u>
Accelerated Capital Allowances	13.4	11.7
Other Timing Differences	(0.5)	(0.1)
	<u>12.9</u>	<u>11.6</u>

In addition to the amount provided for deferred taxation, there are potential liabilities in respect of deferred taxation in relation to:

	2 February	27 January
	2002	2001
	£m	£m
Revaluation of Properties	<u>67.2</u>	<u>69.1</u>

There is no deferred taxation liability provided or otherwise for the Company (2001: £nil).

In the opinion of the Directors the potential taxation liability in respect of capital gains is unlikely to arise since the majority of the properties will be retained for use in the business. The availability of capital losses would eliminate any liability which could otherwise result from disposals.

	Consolidated		Company	
	2 February 2002 £m	27 January 2001 £m	2 February 2002 £m	27 January 2001 £m
18 Called up Share Capital				
Authorised, allotted and fully paid:				
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000	50,000,000	50,000,000
1 "A" special rights redeemable preference share of £1	1	1	1	1
1 "B" special rights redeemable preference share of £1	1	1	1	1
	<u>50,000,002</u>	<u>50,000,002</u>	<u>50,000,002</u>	<u>50,000,002</u>

The A and B Special Shares have certain special control rights over the Company, rank in priority, at par, over the ordinary shares on winding-up, have reduced voting rights, and are redeemable at the option of the shareholders.

Included within the shareholders' funds of £385.1 million (2001 restated :£443.5 million) is an amount in respect of non-equity interests of £2 (2001:£2). All other amounts are attributable to the equity shareholders.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

19 Reserves	Consolidated		Company	
	2 February 2002 £m	Restated 27 January 2001 £m	2 February 2002 £m	Restated 27 January 2001 £m
Profit & Loss Account				
Balance at 27 January 2001 as previously stated	99.2	155.1	15.4	23.9
Prior year deferred tax adjustment (note 1)	(11.1)	(16.0)	(0.1)	-
Balance at 27 January 2001 as restated	88.1	139.1	15.3	23.9
Loss retained for the year	(58.4)	(56.6)	(5.4)	(8.5)
Prior year deferred tax adjustment (note 1)	-	4.9	-	-
Realised surplus on tangible fixed assets	11.9	0.7	-	-
Balance at 2 February 2002	<u>41.6</u>	<u>88.1</u>	<u>9.9</u>	<u>15.4</u>

At 2 February 2002, the cumulative amount of goodwill immediately written off to reserves amounted to £39.1 million (2001: £39.1 million).

	Consolidated		Company	
	2 February 2002 £m	27 January 2001 £m	2 February 2002 £m	27 January 2001 £m
Revaluation Reserve				
Balance at 27 January 2001 as previously stated	305.4	306.1	389.2	437.3
Prior year deferred tax adjustment (note 1)	-	-	(11.1)	(16.0)
Balance at 27 January 2001 as restated	305.4	306.1	378.1	421.3
Prior year deferred tax adjustment (note 1)	-	-	-	4.9
Realised surplus on tangible fixed assets	(11.9)	(0.7)	-	-
Revaluation deficit on investment in subsidiaries	-	-	(52.9)	(48.1)
Balance at 2 February 2002	<u>293.5</u>	<u>305.4</u>	<u>325.2</u>	<u>378.1</u>

The prior year adjustment has arisen on the adoption of FRS 19. This has given rise to a movement in the provision for deferred tax to £11.6 million at 27 January 2001 (29 January 2000: £16.5 million) and to decrease the tax charge for the period to 27 January 2001 by £4.9 million.

The effect of the change in the accounting policy is to increase the tax charge in the period to 2 February 2002 by £1.3 million.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

20 Commitments	Consolidated	
	2 February 2002 £m	27 January 2001 £m
	Capital Commitments	
Contracted but not provided for	19.6	27.5

There were no capital commitments in the Company (2000: £nil).

	Consolidated		Company	
	2 February 2002 £m	27 January 2001 £m	2 February 2002 £m	27 January 2001 £m
	Leasing Commitments			
Leasing commitments during the year commencing 3 February 2002 in respect of operating leases are:				
Land and buildings leases expiring:				
Within one year	0.1	-	-	-
Between one and five years	-	0.1	-	-
Over five years	2.2	11.5	0.2	0.2
	2.3	11.6	0.2	0.2
Other assets leases expiring:				
Within one year	0.2	0.1	-	-
Between one and five years	0.5	0.6	-	-
	0.7	0.7	-	-

In addition to the above, the Group has commitments under concession agreements payable within one year amounting to £8.5 million (2001: £14.4 million).

21 Contingent Liabilities

The Group has a loan from Royal Bank of Scotland Plc which is guaranteed by Harrods Holdings Limited and other Group companies.

The Group did not participate in derivative financial instruments during the year except in respect of the following ;

(a) A Subsidiary entered into forward exchange 'knock-in' options and forward exchange 'Accumulating Forward' options all maturing within twelve months, solely to manage its foreign exchange exposure to the Euro. These contracts relate to the trading activities of the Subsidiary.

(b) The Company has in place an interest rate swap arrangement that matures in October 2003. This is on a notional principal amount of £100 million based on a previous loan facility held by the Company, and is activated if LIBOR falls below a certain level.

Through its hedging activities the Company seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rates.

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

21 Contingent Liabilities (continued)

The exposure on outstanding contracts at each period end was as follows:

	Consolidated		Company	
	2 February 2002 £m	27 January 2001 £m	2 February 2002 £m	27 January 2001 £m
Forward exchange options	-	11.1	-	-
Forward exchange 'Knock in' options	9.8	-	-	-
Forward exchange 'Accumulating forward' options	4.3	-	-	-
Forward exchange contracts	<u>14.1</u>	<u>11.1</u>	<u>-</u>	<u>-</u>

The company is aware of claims arising out of two particular commercial disputes related to licensing and construction agreements. The Directors consider, however that there is no need to make any provision in this regard on the basis of advice received to the effect that the claims are unmeritorious.

22 Ultimate Parent Undertaking

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.

23 Related Party Transactions

The Group has taken advantage of the exemption under Financial Reporting Standard 8 'Related Party Transactions' not to disclose transactions between wholly owned Group undertakings.

During the year the Group traded with a number of companies, which are under the control of the Group's ultimate shareholders. These companies comprise Turnbull & Asser Limited (and subsidiaries), AIT Services (UK) Limited, Balnagown Castle Properties Limited, The Ritz Hotel Limited, Prestige Properties S.A., Hyde Park Residence Limited, Fulham Football Leisure Limited, Fulham Stadium Limited, Fulham Football Club (1987) Limited, FL Property Management Limited, Harrods Natural Resources Inc, Harrods Finance Trust Co SA, Gallant Minerals Limited (formerly Harrods Minerals Limited), Harrods Minerals (Mongolia) Limited, Harrods Natural Resources Limited, Harrods Energy Limited, Harrods Petroleum Corporation Limited, Metro Natural Resources Limited, The Map Factory Inc., Alfayed Charitable Foundation, West Heath 2000, ACF Sevenoaks, Harrods Staff Benevolent Fund, Harrods Energy (Thailand) Limited, Harrods Online Limited, Bocardo Societe Anonyme and Liberty Holdings Limited (and subsidiaries). The transactions and balances with these companies are not considered to be material except as described below and as set out in Note 13.

During the year, the Group made charges for rent, rates and service charges to Liberty Publishing & Media Limited, amounting to £0.7m (2001: £0.2m). £nil was outstanding at the year end (2001: £nil).

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

23 Related Party Transactions (Continued)

During the year, the Group recharged payroll and made charges for professional fees to Fulham Football Club (1987) Limited, amounting to £20.4 m (2001: £0.6m). £nil was outstanding at the year end (2001: £nil).

During the year, the Group recharged payroll and made charges for professional fees to Harrods Online Limited, amounting to £0.9 m (2001: £0.1m). £nil was outstanding at the year end (2001: £nil).

Royalties are paid by Harrods Online Limited, on commercial terms, to the Group for the use of the Harrods name. Royalty income of less than £0.1m (2001: £0.1m) was charged during the year. £nil was outstanding at the year end (2001: £0.1m).

The Group incurred expenses of £0.9m (2001: £5.0m) during the year, which were recharged back to Harrods Online Limited. The debtor outstanding at the year end was £nil (2001: £nil).

The Group charged trademark fees for the use of the Harrods name to Harrods Natural Resources Inc., Harrods Energy (Thailand) Limited, Harrods Finance Trust Co SA, Gallant Minerals Limited (formerly Harrods Minerals Limited), Harrods Minerals (Mongolia) Limited, Harrods Natural Resources Limited, Harrods Energy Limited, Harrods Petroleum Corporation Limited, Harrods Trading International Limited of £0.2m (2001: £0.4m), £nil was outstanding at the year end (2001: £nil).

The Group charged Turnbull & Asser £0.3m (2001: £0.3m) under commercial terms for the concession it operates in the Store.

During the year, the Company provided an interest bearing arm's length loan to Metro Natural Resources Limited, amounting to £4.4 million (2001: £nil). This was repaid in full in May 2001 (£2001:£nil).

Fees in respect of marketing and advisory services, received from Hyde Park Residence Limited during the year amounted to £0.1m (2001: £0.1m). Trade debtors due from Hyde Park Residence Limited at 2 February 2002 amounted to £nil (2001: £nil).

During the year, the Group recharged payroll and made charges for professional fees to The Map Factory Inc., amounting to £0.1 m (2001: £nil). The debtor outstanding at the year end was £nil (2001: £nil).

An amount of £0.3m owed to the Chairman personally by a former director of a Subsidiary, was assigned to the Subsidiary on 16 November 2001. This was settled in full on 21 December 2001.

Fees in respect of marketing and advisory services received from Prestige Properties S.A. during the year amounted to £0.5m (2001:£nil). Trade debtors due from Prestige Properties S.A. at the year end amounted to £0.4m (2001: £nil).

During the year, the Group recharged payroll and made charges for professional fees to Fulham Stadium Limited, amounting to £0.1m (2001: £nil). The debtor outstanding at the year end was £nil (2001: £nil).

HARRODS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

24 Principal Subsidiaries

Operating at 2 February 2002

The following trading companies are registered in England and Wales and operate in the United Kingdom:

	<u>Principal Activity</u>
Harrods (UK) Limited (1)	Holding company
Harrods Limited	Department store
Harrods International Limited	Tax free retailer and wholesaler
Harrods (Continental) Limited	Exporter
Harrods Estates Limited	Estate Agents
Kurt Geiger Limited	Footwear retailer
Genavco Insurance Limited	Insurance broker
Metro Business Aviation Limited	Executive jet handling company
Air Harrods Limited	Helicopter operator
Harrods Property Limited	Property management

(1) The whole of the issued share capital in this company is owned directly by Harrods Holdings Limited. The whole of the share capital in the other companies is held by intermediate holding companies.

All subsidiary undertakings are wholly owned (100% voting rights) and are included within the consolidated financial statements.

Harrods Bank Limited, a company registered in England, is accounted for as an unlisted investment in the accounts of Harrods Limited, although Harrods Limited continues to retain full economic interest through 100% of the non-voting shares.

In addition to the companies shown in the above list, the Group also holds investments in other subsidiary undertakings. Details of all Group companies will be annexed to the Company's next annual return in compliance with Section 231 of the Companies Act 1985.