



**HARRODS HOLDINGS LIMITED**  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
2 FEBRUARY 2008

# **HARRODS HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

For the period ended 2 FEBRUARY 2008

---

<b>INDEX</b>	<b>PAGE</b>
Report of the directors	1 – 5
Report of the independent auditors	6 – 7
Principal accounting policies	8 – 11
Consolidated profit and loss account	12
Balance sheets	13
Other primary statement	14
Consolidated cash flow statement	15
Notes to the financial statements	16 – 40

# **HARRODS HOLDINGS LIMITED**

## **REPORT OF THE DIRECTORS**

---

The directors present their report together with the audited consolidated financial statements of Harrods Holdings Limited and its subsidiary companies ("the Group") for the period ended 2 February 2008

### **Principal activities**

The principal activity of the company is that of an investment holding company

The group operates Harrods, the world-renowned store in Knightsbridge, London. Since the store first opened its doors in 1849, Harrods has always prided itself on a reputation for service excellence and for offering the finest quality merchandise. London's – and England's – largest department store, Harrods remains the finest, most exciting and most fulfilling place to shop.

Other group activities include concessions at London's Heathrow and Gatwick airports, export of Harrods branded merchandise to overseas department stores and airport terminals, and direct sales via the internet at Harrods.com and through catalogues. The group also operates in the real estate business through Harrods Estates.

Until 1 March 2007 the group operated an aviation services business from London Luton and Stansted airports. This business was sold to a related party on that date (as set out in notes 25 and 30) and has, accordingly, been treated as a Discontinued Operation.

### **Results of Continuing Operations Before Exceptional Items**

During the period ended 2 February 2008, group sales (on a gross transaction value basis) reached a record £690.2 million, up by over 13.4% compared to the prior year (adjusting the prior year to 52 weeks). Profitability also increased markedly over the period – Earnings before Interest, Tax, Depreciation, Amortisation and Rent for the year totalled £93.6 million, growth of 9.0% (adjusting the prior year to 52 weeks).

This strong performance is underpinned by sustained investments in the store made by both Harrods and its partner brands. A number of retail areas within the Knightsbridge store were opened or refurbished during the year, including those offering designer childrenswear, travel goods, soft accessories and ladies' shoes. The year also saw the commencement of construction of the Harrods shops in Heathrow's Terminal 5, including the ground-breaking Grand View Central store. Work is also underway on significant improvements to Harrods's e-commerce and catalogue business ([www.harrods.com](http://www.harrods.com)).

Group capital expenditure on fixtures, fittings and equipment in the year totalled £16.3 million (2006: £18.2 million). In addition to this sum, Harrods benefited from the value of the very significant spend on shop fittings invested by partner brands.

Major investments are also programmed for 2008, including the start of an 18-month renewal of the menswear floors, the introduction of several new concepts within the homewares area, and refurbishment of the Knightsbridge store's famous terracotta façades.

The Harrods store Rewards programme benefited from its first full year of operations in 2007. Take-up was very strong, providing customers with a wealth of special services, offers and privileges that serve to make shopping at Harrods even more rewarding.

# **HARRODS HOLDINGS LIMITED**

## **REPORT OF THE DIRECTORS**

---

### **Principal business risks and uncertainties**

The major business risks and uncertainties for the Harrods business relate to

- (i) Adverse economic conditions and other major events outside Harrods' control
- (ii) Damage or interruption due to natural disaster, war and terrorist activity
- (iii) Damage, loss or interruption of information systems
- (iv) Adverse movements in the euro and US dollar

During the period the group initiated a business continuity planning review, detailed plans for which continue to be developed. In addition the group works with its internal audit function and with its insurers to identify and mitigate or remedy operational risks on an on-going basis.

### **Profit for the Financial Period and the dividend**

The directors consider the trading performance of the group to be good.

Turnover for the period to 2 February 2008 totalled £440.8 million (2007: £436.0 million).

There was a profit for the period after taxation amounting to £34.9 million (2007: £24.4 million). The company paid a dividend of £30.0 million (2007: £48.5 million).

### **Directors**

The present membership of the Board is set out below:

M Al Fayed  
A Fayed (Chairman)  
O Al Fayed  
J Byrne  
J McArthur (appointed 15 2008)  
B Smith  
A Tanna  
M Ward

All directors served throughout the period except J McArthur.

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

Except as disclosed in note 30, no director has had a material interest, directly or indirectly, at any time during the period, in any contract significant to the business of the group or the company.

# HARRODS HOLDINGS LIMITED

## REPORT OF THE DIRECTORS

---

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which 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. 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 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 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.

### Credit risk

The group's principal credit risk relates to the recovery of trade debtors, although it is not considered significant due to the nature of the business.

Amounts owing from credit card companies represent more than half the group's trade debtors. However, the directors consider credit risk to be limited due to the terms of contract the group has with the credit card companies.

In order to manage credit risk relating to other trade debtors, subsidiary credit controllers and Directors review the aged debtors and collection history on a regular basis.

The group also has a significant loan to a related party. As described in note 30, the loan to Harrods Property Limited amounting to £302.4 million (2007: £303.2 million) is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan. An independent valuation of these assets was carried out at the directors' request as at 3 February 2007. The directors have reviewed this valuation in line with conditions existing as at 2 February 2008 and are of the view that the resultant valuation continues to support recoverability of the debtor.

# **HARRODS HOLDINGS LIMITED**

## **REPORT OF THE DIRECTORS**

---

### **Currency risk**

The group is exposed to foreign exchange risk on overseas purchasing

Approximately a quarter of the group's purchases are from suppliers outside the United Kingdom. These purchases are generally invoiced in the local currency of the supplier. Transaction exposures are hedged partially using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting in these financial statements.

### **Interest rate risk**

The group finances its operations principally through retained earnings as the group no longer has any external borrowings. Excess cash balances are placed on deposit to earn higher rates of interest.

### **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.

### **Pensions provision**

The group operates two pension schemes:

- (i) the Harrods Group Pension Plan, an approved defined benefit scheme that was closed to further accrual in April 2006
- (ii) the Harrods Retirement Savings Plan, which is an approved defined contribution scheme provided and managed by Fidelity International

The Harrods Group Pension Plan ("the 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 28 to the financial statements.

In December 2006 the group agreed with the trustee of the Plan a new funding agreement which included a commitment by the group to fund the Plan's deficit on a scheme specific funding basis over 7 years. Accordingly, the Trustee of the Plan commissioned an actuarial valuation of the Plan as at 6 April 2007 on a scheme specific funding basis. The deficit on this basis was £67.5 million as at 6 April 2007 after accounting for £26.5 million of money held in Escrow at the valuation date.

In line with the agreement, contributions to the Plan by participating employers were set at £11.6 million per annum.

As at 2 February 2008 the retirement benefit calculated in accordance with FRS 17 is a surplus of £10.7 million net of deferred tax (2007 deficit £0.7 million).

### **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.

# HARRODS HOLDINGS LIMITED

## REPORT OF THE DIRECTORS

---

### Donations

The charitable donations made and charged in the financial statements amounted to £0.9 million (2007: £0.7 million). In addition, during the period the group supported various charities by hosting fundraising events within the Harrods department store. There were no political donations.

### Payment of creditors

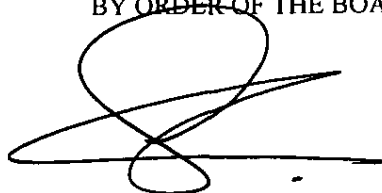
It is the group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the group's policy is to pay suppliers within 30 days after the end of the month of receipt of goods or services. The group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. At period end the number of days payable outstanding was 43 (2007: 35).

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

### Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S Dean FCIS  
Secretary  
17 June 2008

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

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

We have audited the group and parent company financial statements (the "financial statements") of Harrods Holdings Limited for the period ended 2 February 2008 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses and notes 1 to 31. 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 the directors and auditors**

The directors' responsibilities for preparing the Annual 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 whether, in our opinion, the Directors' Report is consistent with the financial statements, 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 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 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 group's and 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.

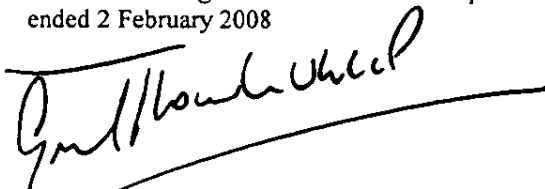


**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HARRODS HOLDINGS LIMITED**

**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 group's and the parent company's affairs as at 2 February 2008 and of the group's profit for the period then ended,
- the financial statements 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 2 February 2008



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

**LONDON**

**17/6/2008**

# HARRODS HOLDINGS LIMITED

## PRINCIPAL ACCOUNTING POLICIES

---

### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the group's investment properties and the company's fixed asset investments, and comply with applicable United Kingdom accounting standards

The investment properties policy represents a departure from the Companies Act 1985, which requires depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. The financial effect of the departure from the Companies Act is not material.

The principal accounting policies of the group have remained unchanged from the previous period.

### BASIS OF CONSOLIDATION

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

Goodwill arising on consolidation, representing the excess of fair value of consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated economic life. Previously goodwill arising on the acquisition of subsidiary undertakings was charged against reserves. Such amounts are charged to the profit and loss account on the disposal of subsidiaries.

Harrods Bank Limited, a company registered in England and Wales, 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.

### TURNOVER

Turnover is the total amount receivable by the group for goods and services provided, excluding VAT, trade discounts and concession sales.

When a transaction involves a number of goods and services, these are separately identified and income is recognised when earned.

#### *Concession sales*

In calculating turnover a distinction is made between transactions where the seller is deemed to act as principal and those where it is agent. Where concessionaires sell their goods through the group's retail operations, the group is considered to act as an agent. Accordingly, turnover for sales made under concessionary arrangements represents commission and other income receivable from the concessionaires.

#### *Estimated sales returns*

Turnover excludes the sales value of estimated returns. The group has recognised a provision for estimated refunds, representing the estimate of the value of goods sold during the year which will be returned and refunded after the year end date.

#### *Gross transaction value*

In order to present a measure that provides a guide to the value of overall activity of the group, the gross transaction value (excluding VAT) is presented on the face of the profit and loss account. The gross transaction value of sales to customers includes sales made by concessions but excludes discounts and returns.

# **HARRODS HOLDINGS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

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

Freehold properties are stated at professional or directors' valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. All additions thereafter are accounted for at cost. The carrying values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Shop fit out expenditure is stated net of supplier and concession contributions where relevant.

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 economic lives by equal annual instalments, as follows:

Land	Not depreciated
Certain freehold and long leasehold properties	35 - 50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3 - 20 years
Vehicles and equipment	4 - 7 years

Assets held for resale are classified within current assets, and are stated at the lower of cost or valuation, and net realisable value.

### **INVESTMENT PROPERTIES**

Investment properties are revalued annually and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

### **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, as the directors of the company believe that the subsidiaries' value is not materially less than their combined net asset value. 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.

# **HARRODS HOLDINGS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **LEASED ASSETS**

Rentals payable under operating leases are charged to the profit and loss account on a systematic basis over the lease term

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value using weighted average cost

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group 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.

### **FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Financial assets are recognised at historic cost and are carried at the lower of cost and recoverable amount.

# HARRODS HOLDINGS LIMITED

## PRINCIPAL ACCOUNTING POLICIES

---

### FOREIGN CURRENCY

Monetary 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 account on maturity to match the underlying transactions.

### RETIREMENT BENEFIT 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 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.

The group and 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/group. 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 28 to the accounts.

# HARRODS HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 2 FEBRUARY 2008

52 weeks ended 2 February 2008							53 weeks ended 3 February 2007				
		Continuing operations before exceptional items	Exceptional items relating to continuing operations	Continuing operations	Discontinued operations	Total	Continuing operations before exceptional items	Exceptional items relating to continuing operations	Continuing operations	Discontinued operations	Total
	Note	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross transaction value		690.2	-	690.2	2.0	692.2	614.8	-	614.8	33.2	648.0
Turnover	1	438.8	-	438.8	2.0	440.8	402.8	-	402.8	33.2	436.0
Cost of sales		(191.6)	-	(191.6)	(1.0)	(192.6)	(174.1)	-	(174.1)	(20.0)	(194.1)
Gross profit		247.2	-	247.2	1.0	248.2	228.7	-	228.7	13.2	241.9
Distribution and store costs	2	(193.5)	5.7	(187.8)	-	(187.8)	(148.4)	16.0	(132.4)	-	(132.4)
Administrative expenses	2	(21.1)	-	(21.1)	(1.1)	(22.2)	(24.3)	(1.0)	(25.3)	(11.4)	(36.7)
Other income		7.6	-	7.6	-	7.6	5.5	-	5.5	-	5.5
Operating profit	3	40.2	5.7	45.9	(0.1)	45.8	61.5	15.0	76.5	1.8	78.3
Exceptional items											
Profit on sale of discontinued operations	4, 25	-	-	-	7.4	7.4	-	-	-	-	-
(Loss)/profit on disposal of fixed assets	4	-	(2.2)	(2.2)	-	(2.2)	-	11.6	11.6	-	11.6
Income from other fixed asset investments		0.4	-	0.4	-	0.4	-	-	-	0.2	0.2
Profit on ordinary activities before interest		40.6	3.5	44.1	7.3	51.4	61.5	26.6	88.1	2.0	90.1
Net interest	5	4.3	-	4.3	-	4.3	(15.7)	(37.1)	(52.8)	(2.5)	(55.3)
Profit/(loss) on ordinary activities before taxation		44.9	3.5	48.4	7.3	55.7	45.8	(10.5)	35.3	(0.5)	34.8
Tax on profit on ordinary activities	7	(19.1)	(1.7)	(20.8)	-	(20.8)	(16.7)	6.6	(10.1)	(0.3)	(10.4)
Profit/(loss) on ordinary activities after taxation	20, 21	25.8	1.8	27.6	7.3	34.9	29.1	(3.9)	25.2	(0.8)	24.4

Amounts disclosed as discontinued operations relate to certain non-retail businesses that were disposed of to a related party on 1 March 2007 (note 25)

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

# HARRODS HOLDINGS LIMITED

## BALANCE SHEETS AT 2 FEBRUARY 2008

		Consolidated		Company	
		At 2	At 3	At 2	At 3
	Note	February	February	February	February
		2008	2007	2008	2007
		£m	£m	£m	£m
<b>Fixed assets</b>					
Intangible assets	10	-	-	-	-
Tangible assets	11	69.9	81.6	-	-
Investments	12	7.7	7.7	563.9	574.4
		<u>77.6</u>	<u>89.3</u>	<u>563.9</u>	<u>574.4</u>
<b>Current assets</b>					
Stocks	13	39.2	37.1	-	-
Debtors due within one year	14	21.6	24.6	5.2	5.7
Debtors due after more than one year	14	333.0	304.2	10.2	-
Cash at bank and in hand		66.4	76.0	5.7	5.2
		<u>460.2</u>	<u>441.9</u>	<u>21.1</u>	<u>10.9</u>
<b>Creditors, amounts falling due within one year</b>	15	<u>(119.1)</u>	<u>(106.4)</u>	<u>(1.3)</u>	<u>(2.5)</u>
<b>Net current assets</b>		<u>341.1</u>	<u>335.5</u>	<u>19.8</u>	<u>8.4</u>
<b>Total assets less current liabilities</b>		<u>418.7</u>	<u>424.8</u>	<u>583.7</u>	<u>582.8</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(11.6)</u>	<u>(13.6)</u>	<u>(171.1)</u>	<u>(177.8)</u>
<b>Provisions for liabilities</b>	18	<u>(4.8)</u>	<u>(5.5)</u>	<u>-</u>	<u>-</u>
<b>Retirement benefit obligations</b>	28	<u>10.7</u>	<u>(0.7)</u>	<u>0.4</u>	<u>-</u>
		<u>413.0</u>	<u>405.0</u>	<u>413.0</u>	<u>405.0</u>
<b>Capital and reserves</b>					
Called up share capital	19	50.0	50.0	50.0	50.0
Revaluation reserve	20	1.3	1.3	339.8	350.3
Profit and loss account	20	361.7	353.7	23.2	4.7
<b>Shareholders' funds</b>	21	<u>413.0</u>	<u>405.0</u>	<u>413.0</u>	<u>405.0</u>

The financial statements were approved by the Board of Directors on 17 June 2008

*Benedict Smith*

B Smith - Director

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

# HARRODS HOLDINGS LIMITED

## OTHER PRIMARY STATEMENT

For the period ended 2 FEBRUARY 2008

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
<b>Profit for the financial period</b>	<b>34.9</b>	24.4
Unrealised surplus on revaluation of land and buildings	-	0.6
Actuarial gains on pension scheme	6.0	30.8
Deferred tax movement on actuarial gains and losses on pension scheme	(2.9)	(8.6)
<b>Total recognised gains and losses for the period</b>	<b>38.0</b>	47.2

### GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
<b>Profit on ordinary activities before taxation</b>	<b>55.7</b>	34.8
Realisation of revaluation gains of previous years	-	426.5
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	-	1.3
<b>Historical cost profit on ordinary activities before taxation</b>	<b>55.7</b>	462.6
<b>Historical cost profit retained</b>	<b>34.9</b>	452.2



# HARRODS HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the period ended 2 FEBRUARY 2008

	Note	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Net cash inflow from operating activities before payments toward retirement benefit obligations	22	65.8	99.3
Payments towards retirement benefit obligations	28	(14.5)	(60.6)
<b>Net cash inflow from operating activities</b>		<b>51.3</b>	<b>38.7</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		4.4	5.8
Interest paid		(0.2)	(25.1)
Dividends received from fixed asset investments		0.4	0.2
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		<b>4.6</b>	<b>(19.1)</b>
<b>Taxation paid</b>		<b>(7.2)</b>	<b>(3.4)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(17.0)	(17.5)
Disposal of tangible fixed assets	4	-	352.6
Disposal of businesses, cash at bank disposed of	25	(2.6)	-
Loans to related parties		(67.1)	(37.4)
Repayment of loans by related parties		58.4	77.8
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>		<b>(28.3)</b>	<b>375.5</b>
<b>Equity dividends paid</b>		<b>(30.0)</b>	<b>(48.5)</b>
<b>Financing</b>			
Repayment of bank borrowings		-	(354.8)
<b>Net cash outflow from financing</b>	23,24	<b>-</b>	<b>(354.8)</b>
<b>Decrease in cash</b>	23,24	<b>(9.6)</b>	<b>(11.6)</b>

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

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 1 TURNOVER AND SEGMENTAL ANALYSIS

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and concession sales

The group conducts business in the following areas

#### Business segments

	52 weeks ended 2 February 2008			53 weeks ended 3 February 2007		
	Continuing operations	Dis-continued operations	Total	Continuing operations	Dis-continued operations	Total
	Retailing £m	Aviation services £m	£m	Retailing £m	Aviation services £m	£m
Turnover	438.8	2.0	440.8	402.8	33.2	436.0
Operating profit/(loss)	45.9	(0.1)	45.8	76.5	1.8	78.3
Exceptional items	(2.2)	7.4	5.2	11.6	-	11.6
Investment income	0.4	-	0.4	-	0.2	0.2
Net interest	4.3	-	4.3	(52.8)	(2.5)	(55.3)
Profit before taxation	48.4	7.3	55.7	35.3	(0.5)	34.8
Net assets before finance	346.6	-	346.6	316.1	14.2	330.3
Net cash			66.4			74.7
Net assets			413.0			405.0

The discontinued Aviation businesses were disposed of during the period (note 25)

#### Geographical analysis

	Turnover by destination	
	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
United Kingdom	433.8	411.7
Rest of Europe	0.9	9.5
Japan	4.4	3.0
Other overseas destinations	1.7	11.8
	440.8	436.0

Turnover by destination and origin are not materially different

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 2 DISTRIBUTION AND STORE COSTS AND ADMINISTRATIVE EXPENSES

Distribution and store costs for the period include the following

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Distribution and store costs before rent and exceptional items	153.9	142.8
Rents payable to a related party (note 30)	39.6	5.6
Distribution and store costs before exceptional items	193.5	148.4
Exceptional pension curtailment gains (notes 3 & 28)	-	(16.0)
Exceptional refund of property rates (note 3)	(5.7)	-
	187.8	132.4

The exceptional property rates refund relates to the claw-back of prior year rates overpayments

Administrative expenses for the period include the following

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Administrative expenses before exceptional items	22.2	36.2
Exceptional administrative expenses (note 3)	-	3.9
Exceptional pension curtailment gains (notes 3 and 28) - continuing operations	-	(2.9)
Exceptional pension curtailment gains (notes 3 and 28) - discontinued operations	-	(0.5)
	22.2	36.7

Exceptional administrative expenses for the period ended 3 February 2007 comprise £3.1 million of restructuring costs, and £0.8 million of costs to discharge the group from its commitments under a lease

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 3 OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging/(crediting)

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Depreciation		
Tangible fixed assets owned – continuing operations	13.8	21.3
Tangible fixed assets owned – discontinued operations	0.1	1.0
Rentals paid under operating leases		
Property	40.5	8.4
Plant and machinery	0.7	0.9
Gains on foreign exchange	-	0.1
Exceptional administrative expenses (note 2)	-	3.9
Exceptional pension curtailment gains (notes 2 and 28)	-	(19.4)
Exceptional refund of property rates (note 2)	(5.7)	-
Royalty (income)	(1.4)	(1.3)

During the period, the group obtained the following services from the group's auditors

	52 weeks ended 2 February 2008 £'000's	53 weeks ended 3 February 2007 £'000's
Fees payable for the audit of the company's financial statements	76	80
Fees payable for other services		
- audit of subsidiary undertakings	275	324
- taxation services	23	68
- other services	26	274

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 4 EXCEPTIONAL ITEMS

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Profit on disposal of subsidiaries to a related party	7.4	-
(Loss)/profit on disposal of fixed assets	(2.2)	11.6
	<u>5.2</u>	<u>11.6</u>
<b>Reconciliation to cash flows for disposal of fixed assets</b>		
Gross consideration for disposal of fixed assets to third parties	-	4.6
Gross consideration for disposal of fixed assets to a related party (note 30)	-	705.3
Gross consideration for disposal of subsidiaries to a related party (note 30)	10.6	-
Liabilities assumed by a related party (note 30)	(0.4)	(54.3)
Non cash consideration from a related party (note 30)	(10.2)	(303.0)
Cash consideration (paid)/received	<u>-</u>	<u>352.6</u>

### 5 NET INTEREST

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Interest payable		
Bank loans and overdrafts	(0.1)	(23.0)
Other finance expense (FRS17, note 28)	-	(1.1)
	<u>(0.1)</u>	<u>(24.1)</u>
Interest receivable		
From third parties	1.4	3.0
Cash and bank balances	3.0	2.9
	<u>4.4</u>	<u>5.9</u>
<b>Net interest receivable/(payable) before exceptional interest charges</b>	<u>4.3</u>	<u>(18.2)</u>
Exceptional interest charges	-	(37.1)
<b>Net interest receivable/(payable)</b>	<u>4.3</u>	<u>(55.3)</u>

Prior year exceptional interest charges comprise costs associated with the early repayment of the group's primary bank loan including the write-off of unamortized issue costs, loan prepayment fees, and termination of the interest rate swap

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 6 DIRECTORS AND EMPLOYEES

Group staff costs during the period were as follows:

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Wages and salaries	92.7	90.8
Social security costs	9.9	9.4
Other pension costs	3.3	4.2
	<u>105.9</u>	<u>104.4</u>

The average number of employees of the group during the period was

	2008 Number	2007 Number
Production	447	575
Selling and distribution	2,542	2,473
Administration	217	214
	<u>3,206</u>	<u>3,262</u>

In addition, the group employed an average of 35 (2007: 60) agency staff during the period at a cost of £0.5 million (2007: £0.9 million)

Company staff costs during the period were as follows:

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Wages and salaries	3.2	3.2
Social security costs	0.5	0.4
Other pension costs	0.1	0.1
	<u>3.8</u>	<u>3.7</u>

The average number of employees of the company during the period was 54 (2007: 45)

Remuneration in respect of directors was as follows:

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Emoluments	4.6	3.5
	<u>4.6</u>	<u>3.5</u>

Included in emoluments for the period ended 2 February 2008 are pension contributions of £nil

The value of emoluments incurred directly by the company was £nil (2007: £nil). Emoluments incurred by the group's subsidiary undertakings was £4.6 million (2007: £3.5 million)

There are 2 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2007: 2) and 3 directors to whom retirement benefits are accruing under a defined contribution scheme (2007: 3)

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### DIRECTORS AND EMPLOYEES (CONTINUED)

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

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Emoluments of highest paid director	2.4	1.8

The highest paid director's accrued pension at the period end was £nil (2007 £nil)

For the period ended 3 February 2007, the disclosure of directors' remunerations is restated to reflect contributions received from directors towards benefits provided by the group

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
<b>Current tax</b>		
Current tax charge	(8.5)	(3.0)
Group relief	(7.5)	-
Foreign tax	-	(0.1)
	<u>(16.0)</u>	<u>(3.1)</u>
Over provision in respect of prior years	0.3	0.1
	<u>(15.7)</u>	<u>(3.0)</u>
<b>Deferred tax</b>		
Accelerated capital allowances	0.7	0.6
FRS17 deferred tax	(5.8)	(8.0)
Total tax charge for the period	<u>(20.8)</u>	<u>(10.4)</u>

#### Factors affecting current period corporation tax

The current period corporation tax assessed for the period is lower (2007 lower) than the standard rate of corporation tax of 30% (2007 30%) for the following reasons

Profit on ordinary activities before tax	55.7	34.8
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2007 30%)	16.7	10.4
Effect of		
Income/(expenses) not assessable/(deductible) for tax purposes	(2.9)	0.5
Pension curtailment gain	-	(4.8)
Disposal of fixed assets	0.7	(3.5)
Depreciation for the period in excess of capital allowances	0.5	1.9
Transfer pricing adjustments – (note 14)	8.4	0.8
Income and expenses assessed on a cash basis	(7.4)	(2.2)
Over provision in respect of prior years	(0.3)	(0.1)
Current tax charge for the period	<u>15.7</u>	<u>3.0</u>

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 8 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. The profit for the period after taxation amounted to £48.5 million (2007 profit £45.8 million)

### 9 DIVIDENDS

#### Equity - ordinary

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Interim paid 60p (2007 97p) per £1 share	30.0	48.5

### 10 INTANGIBLE FIXED ASSETS

#### Consolidated

	Total £m
Cost	
At 4 February 2007	0.1
Disposal of subsidiary during the period	(0.1)
At 2 February 2008	-
Amortisation	
At 4 February 2007	(0.1)
Disposal of subsidiary during the period	0.1
At 2 February 2008	-
Net book amount at 2 February 2008	-
Net book amount at 3 February 2007	-



# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 11 TANGIBLE FIXED ASSETS

Consolidated	Freehold £m	Investment Properties: Long leasehold £m	Short leasehold £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost or valuation					
At 4 February 2007	2.0	3.2	11.5	213.6	230.3
Additions	-	-	0.1	16.2	16.3
Disposals	-	-	-	(6.6)	(6.6)
Disposal of subsidiaries	-	-	(11.2)	(6.5)	(17.7)
Written off	-	-	-	(0.2)	(0.2)
At 2 February 2008	<u>2.0</u>	<u>3.2</u>	<u>0.4</u>	<u>216.5</u>	<u>222.1</u>
Depreciation					
At 4 February 2007	0.2	-	2.8	145.7	148.7
Provided in the period	-	-	0.1	13.8	13.9
Disposals	-	-	-	(4.5)	(4.5)
Disposal of subsidiaries	-	-	(2.6)	(3.3)	(5.9)
Written off	-	-	-	-	-
At 2 February 2008	<u>0.2</u>	<u>-</u>	<u>0.3</u>	<u>151.7</u>	<u>152.2</u>
Net book amount at 2 February 2008	<u>1.8</u>	<u>3.2</u>	<u>0.1</u>	<u>64.8</u>	<u>69.9</u>
Net book amount at 3 February 2007	<u>1.8</u>	<u>3.2</u>	<u>8.7</u>	<u>67.9</u>	<u>81.6</u>
Cost or valuation					
Valuation	2.0	3.2	-	-	5.2
Cost	-	-	0.4	216.5	216.9
	<u>2.0</u>	<u>3.2</u>	<u>0.4</u>	<u>216.5</u>	<u>222.1</u>

The value of fixed assets if determined according to the historical cost accounting rules is as follows

#### Historical cost

##### Consolidated

	Freehold £m	Investment Properties: Long leasehold £m	Short leasehold £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Historical cost at 2 February 2008	1.4	2.4	0.4	216.5	220.7
Depreciation on historical cost	(0.1)	-	(0.3)	(151.7)	(152.1)
Net book value at 2 February 2008	<u>1.3</u>	<u>2.4</u>	<u>0.1</u>	<u>64.8</u>	<u>68.6</u>
Historical cost at 3 February 2007	1.4	2.4	11.5	213.6	228.9
Depreciation on historical cost	(0.1)	-	(2.8)	(145.7)	(148.6)
Net book value at 3 February 2007	<u>1.3</u>	<u>2.4</u>	<u>8.7</u>	<u>67.9</u>	<u>80.3</u>

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### TANGIBLE FIXED ASSETS (CONTINUED)

Most of the group's investment properties were revalued as at 3 February 2007 by a qualified independent valuer and member of RICS. The valuations were in accordance with the requirements of the RICS Appraisal and Valuation Standards and the valuation of each property was on the basis of Market Value. The directors consider there to have been no material movement during the period.

All other fixed assets are stated at cost.

Included in the cost element of fixtures, fittings, vehicles and equipment above is £9.7 million representing the cost of unfinished projects at the period end (2007: £4.4 million).

Netted off the cost of fixed assets are accumulated supplier and concession contributions amounting to £8.4 million at the period end (2007: £8.2 million). Of this amount £4.6 million (2007: £3.7 million) had been taken to the profit and loss account by way of a reduction to accumulated depreciation.

Company	Short leasehold £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost			
At 2 February 2008 and 4 February 2007	0.3	0.3	0.6
Accumulated depreciation			
At 2 February 2008 and 4 February 2007	(0.3)	(0.3)	(0.6)
Net book amount at 2 February 2008 and 3 February 2007	-	-	-

## 12 FIXED ASSET INVESTMENTS

### Consolidated

	Unlisted investments £m
Cost	
At 2 February 2008 and 4 February 2007	7.7
Provision	
At 2 February 2008 and 4 February 2007	-
Net book amount at 2 February 2008 and 3 February 2007	7.7

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### FIXED ASSET INVESTMENTS (CONTINUED)

#### Unlisted investments

Harrods Bank Limited, a company registered in England and Wales, 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. Additionally, no significant influence is exerted over Harrods Bank Limited. The consolidated investment of £7.7 million includes an amount of £5.4 million, which represents the share of post-acquisition reserves frozen at the point control transferred.

At 2 February 2008 the aggregate capital and reserves of Harrods Bank Limited was £8.1 million (2007: £8.2 million) and the profit for the period ended 2 February 2008 was £0.3 million (2007: £0.6 million).

Company	Total £m
Investment in subsidiaries at 4 February 2007	574.4
Share of net decrement for the period	(10.5)
Investment in subsidiaries at 2 February 2008	<u>563.9</u>
Representing	
Cost of investment	224.1
Share of post acquisition reserve	<u>339.8</u>
	<u>563.9</u>

#### Principal subsidiaries

Operating at 2 February 2008	Country of registration	Principal activity
Harrods (UK) Limited*	England and Wales	Holding company
Harrods Limited	England and Wales	Department store
Harrods Card Handling Company Ltd	England and Wales	Merchant card handling
Harrods International Limited	England and Wales	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Exporter
Harrods Estates Limited	England and Wales	Estate agents
PL Management Limited	England and Wales	Property management
Harrods Services Limited	England and Wales	Security staff agency
Genavco Insurance Limited	England and Wales	Insurance broker
Featurecode 2A (formerly Harrods Property Limited)	England and Wales	Non-trading

\*The whole of the issued ordinary share capital in this company is owned directly by Harrods Holdings Limited. The whole of the ordinary share capital in the other companies is held by intermediate holding companies.

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

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 13 STOCKS

	Consolidated		Company	
	2 February 2008	3 February 2007	2 February 2008	3 February 2007
	£m	£m	£m	£m
Raw materials and consumables	-	0.8	-	-
Work in progress	-	0.1	-	-
Finished goods for resale	39.2	36.2	-	-
	<u>39.2</u>	<u>37.1</u>	<u>-</u>	<u>-</u>

A lien over inventory owned by Harrods Limited comprising goods held for re-sale has been granted to the trustee of the group's defined benefit pension scheme, as detailed in note 28

### 14 DEBTORS

	Consolidated		Company	
	2 February 2008	3 February 2007	2 February 2008	3 February 2007
	£m	£m	£m	£m
<b>Amounts due within one year:</b>				
Trade debtors	12.0	14.4	-	-
Amounts owed by group undertakings	-	-	5.0	4.9
Other debtors	1.2	2.2	0.2	0.7
Prepayments and accrued income	8.4	8.0	-	0.1
	<u>21.6</u>	<u>24.6</u>	<u>5.2</u>	<u>5.7</u>
<b>Amounts due after more than one year</b>				
Other debtors	-	1.0	-	-
Loans to related parties	333.0	303.2	10.2	-
	<u>333.0</u>	<u>304.2</u>	<u>10.2</u>	<u>-</u>

As detailed in note 30, the group has made loans to the following related parties, which are all under the common control of the group's ultimate parent undertaking

- (i) a subordinated loan entered into during December 2006 to Harrods Property Limited (formerly Featurecode 2 Limited). The debt is non-interest bearing and is repayable on demand by the lender. As at 2 February 2008, the balance outstanding was £302.4 million (2007: £303.2 million). For the purposes of the group's tax calculation, an imputed interest charge is recognised as a non-cash transfer for tax purposes.
- (ii) during the period, the group granted a loan of £10.2 million to AIT Enterprises Limited. The debt is non-interest bearing and is repayable on not less than 12 months notice by the lender. As at 2 February 2008, the balance outstanding was £10.2 million (2007: £nil).
- (iii) as at 2 February 2008, the group had loans of £20.4 million outstanding to Harrods Aviation Limited. Prior to its disposal to a related party on 1 March 2007, loans by group undertakings to Harrods Aviation Limited were eliminated upon consolidation of the group. Repayable on demand, the loan is interest-bearing with the interest rate calculated on commercial terms.

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Company	
	2 February 2008 £m	3 February 2007 £m	2 February 2008 £m	3 February 2007 £m
Bank loans	-	0.2	-	-
Trade creditors	60.2	58.6	-	-
Corporation tax	10.3	1.8	-	-
Social security and other taxes	8.4	8.4	0.5	0.7
Amounts owed to group undertakings	-	-	0.4	-
Other creditors	5.2	2.6	-	0.2
Accruals and deferred income	35.0	34.8	0.4	1.6
	<u>119.1</u>	<u>106.4</u>	<u>1.3</u>	<u>2.5</u>

### 16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		Company	
	2 February 2008 £m	3 February 2007 £m	2 February 2008 £m	3 February 2007 £m
Amounts owed to group undertakings	-	-	171.1	177.8
Bank loans	-	1.1	-	-
Accruals and deferred income	11.6	12.5	-	-
	<u>11.6</u>	<u>13.6</u>	<u>171.1</u>	<u>177.8</u>

### 17 BORROWINGS

Borrowings are repayable as follows

	Consolidated		Company	
	2 February 2008 £m	3 February 2007 £m	2 February 2008 £m	3 February 2007 £m
Bank loans with repayment dates				
In one year or less	-	0.2	-	-
Between one and two years	-	1.1	-	-
	<u>-</u>	<u>1.3</u>	<u>-</u>	<u>-</u>

Bank loans outstanding at 3 February 2007 were transferred with Air Harrods Limited upon disposal by the group of a number of subsidiary undertakings on 1 March 2007 to a related party

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 18 PROVISIONS FOR LIABILITIES

#### Deferred Taxation

	Consolidated		Company	
	2 February 2008 £m	3 February 2007 £m	2 February 2008 £m	3 February 2007 £m
Balance at 4 February 2007	5.5	6.1	-	-
Transfer to profit and loss account	(0.7)	(0.6)	-	-
Balance at 2 February 2008	<u>4.8</u>	<u>5.5</u>	<u>-</u>	<u>-</u>
Accelerated capital allowances	4.9	5.6	-	-
Other timing differences	(0.1)	(0.1)	-	-
	<u>4.8</u>	<u>5.5</u>	<u>-</u>	<u>-</u>

In the opinion of the directors, at 2 February 2008 the potential taxation liability in respect of capital gains is £0.4 million (2007: £nil) due to the availability of capital losses. There are no other unprovided deferred tax amounts.

### 19 CALLED UP SHARE CAPITAL

	Consolidated		Company	
	2 February 2008 £	3 February 2007 £	2 February 2008 £	3 February 2007 £
<u>Authorised</u>				
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>
<u>Allotted and fully paid</u>				
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 20 RESERVES

	Consolidated		Company	
	2 February 2008	3 February 2007	2 February 2008	3 February 2007
	£m	£m	£m	£m
<b>Profit and loss account</b>				
Balance at 4 February 2007	353.7	(72.1)	4.7	7.1
Depreciation on revaluation surplus	-	1.2	-	-
Revaluation surplus realised on property disposal	-	426.5	-	-
Actuarial gain on pension scheme	3.1	22.2	-	0.3
Profit for the period	34.9	24.4	48.5	45.8
Dividends	(30.0)	(48.5)	(30.0)	(48.5)
Balance at 2 February 2008	<u>361.7</u>	<u>353.7</u>	<u>23.2</u>	<u>4.7</u>

At 2 February 2008, the cumulative amount of goodwill immediately written off to reserves amounted to £31.8 million (2007: £31.8 million)

	Consolidated		Company	
	2 February 2008	3 February 2007	2 February 2008	3 February 2007
	£m	£m	£m	£m
<b>Revaluation reserve</b>				
Balance at 4 February 2007	1.3	428.4	350.3	349.2
Surplus on revaluation of property	-	0.6	-	-
Depreciation on revaluation surplus	-	(1.2)	-	-
Revaluation surplus realised on property disposal	-	(426.5)	-	-
Share of net (deficit)/surplus for the period	-	-	(10.5)	1.1
Balance at 2 February 2008	<u>1.3</u>	<u>1.3</u>	<u>339.8</u>	<u>350.3</u>

At 2 February 2008, there is a balance of £2 (2007: £2) on the capital redemption reserve which arose upon the redemption of preference shares on 24 January 2007

### 21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	52 weeks ended 2 February 2008	53 weeks ended 3 February 2007
	£m	£m
Profit after tax for the financial period	34.9	24.4
Dividends	(30.0)	(48.5)
Retained profit/(loss) for the period	<u>4.9</u>	<u>(24.1)</u>
Actuarial gain on pension scheme	3.1	22.2
Surplus on revaluation of property	-	0.6
Net increase/(decrease) in shareholders' funds	<u>8.0</u>	<u>(1.3)</u>
Shareholders' funds at 4 February 2007	<u>405.0</u>	<u>406.3</u>
Shareholders' funds at 2 February 2008	<u>413.0</u>	<u>405.0</u>

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 22 NET CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks ended 2 February 2008			53 weeks ended 3 February 2007		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Operating profit/(loss) before rent payable to a related party	85.5	(0.1)	85.4	82.9	1.0	83.9
Rent payable to a related party (note 2)	(39.6)	-	(39.6)	(5.6)	-	(5.6)
Operating profit	45.9	(0.1)	45.8	77.3	1.0	78.3
Depreciation	13.8	0.1	13.9	21.3	1.0	22.3
FRS 17 pension credit	-	-	-	(17.4)	(0.5)	(17.9)
(Increase)/decrease in stock	(2.9)	(0.1)	(3.0)	(5.3)	0.1	(5.2)
(Increase)/decrease in debtors	(1.1)	(0.2)	(1.3)	0.2	0.3	0.5
Increase in creditors	9.5	0.9	10.4	20.3	1.0	21.3
	<u>65.2</u>	<u>0.6</u>	<u>65.8</u>	<u>96.4</u>	<u>2.9</u>	<u>99.3</u>

### 23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	52 weeks ended 2 February 2008 £m	53 weeks ended 3 February 2007 £m
Decrease in cash in the period	(9.6)	(11.6)
Decrease in bank borrowings	-	354.8
Loans disposed with subsidiary (note 25)	1.3	-
Movement in net debt in the period	<u>(8.3)</u>	<u>343.2</u>
Other non cash charges	-	(3.7)
Net cash/(debt) at 4 February 2007	<u>74.7</u>	<u>(264.8)</u>
Net cash at 2 February 2008	<u>66.4</u>	<u>74.7</u>

Non cash charges in the previous year represent the amortisation and write-off of issue costs relating to the bank loan

### 24 ANALYSIS OF CHANGES IN NET DEBT

	At 3 February 2007 £m	Cash flow £m	Disposal £m	At 2 February 2008 £m
Cash at bank and in hand	76.0	(9.6)	-	66.4
Bank loan	(1.3)	-	1.3	-
	<u>74.7</u>	<u>(9.6)</u>	<u>1.3</u>	<u>66.4</u>



# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 25 DISPOSALS

On 1 March 2007, Harrods Aviation Holdings Limited, Harrods Leisure Holdings Limited ('Aviation business') and a number of non-trading entities were sold to AIT Enterprises, a related party. Group profits include a loss of £0.1 million incurred by the discontinued operations up to the date of disposal (refer to note 1).

During the year the group disposed of its interest in the Aviation business.

	£m
Net assets disposed of	
Tangible fixed assets	11.8
Stock	0.9
Debtors	7.0
Cash at bank and in hand	2.6
Bank Loan	(1.3)
Creditors	(17.8)
	<u>3.2</u>
Profit on disposal (note 4)	<u>7.4</u>
Disposal proceeds (net of costs)	<u>10.6</u>
Satisfied by	
Liabilities assumed by a related party	0.4
Non cash consideration from a related party	<u>10.2</u>
	<u>10.6</u>

The Aviation business utilised £0.6 million of net operating cash flow during the period, paid £0.2 million in respect of net returns on investments and servicing of finance, paid £nil on taxation, paid £0.1 million for capital expenditure and financial investment, paid £nil on acquisitions and disposals, paid £nil for management of liquid resources and paid £nil on financing activities.

Analysis of net cash outflow of cash in respect of disposals during the year

	2008 £m	2007 £m
Cash at bank and in hand disposed of	<u>2.6</u>	<u>-</u>

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### 26 COMMITMENTS

At 2 February 2008, the group had the following capital commitments -

	Consolidated		Company	
	2 February 2008 £m	3 February 2007 £m	2 February 2008 £m	3 February 2007 £m
Contracted but not provided for	10.6	3.7	-	-
Authorised but not contracted for	-	-	-	-

There were no other capital commitments at 2 February 2008 or 3 February 2007

#### Other Commitments

At 2 February 2008 the company had commitments under concession agreements with the British Airport Authority which were contracted for but not provided for in these financial statements of £1.1 million as at the period end (2007: £1.1 million). Commitments authorised but not contracted for totalled £7.0 million (2007: £6.2 million).

### 27 CONTINGENT LIABILITIES

The group participated in derivative financial instruments during the period to manage its foreign exchange exposure to the Euro and the US dollar. Through its hedging activities the group seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rates. The exposure on outstanding forward foreign exchange contracts at the period end was £2.4 million (2007: £8.2 million) and their fair value was £2.5 million (2007: £8.0 million) based on exchange rates prevailing at the period end.

The group is not aware of any material contingent liabilities existing at the balance sheet date. The group is involved in litigation in the ordinary course of business. However, in the opinion of the directors, no material losses in excess of provisions made are likely to arise.

There were no other contingent liabilities at 2 February 2008 or 3 February 2007.

### 28 RETIREMENT BENEFIT OBLIGATIONS

#### Pensions schemes operated

During the period 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 £3.1 million (2007: £2.5 million). A pension accrual of £nil (2007: £nil) is included in the balance sheet in relation to this scheme.

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

---

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

#### 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 would not accrue future pension benefits under the Plan
- (ii) the existing accrued pension benefit of members is 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, was 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 payment of £50.5 million on 15 January 2007 into an Escrow account held solely for the benefit of the Plan (£1.6 million of this amount relates to non group companies covered by the Plan)
- (ii) monthly contributions totalling £16.3 million per annum from February 2007 for a period of 7 years, or those agreed following a Scheme Specific Funding valuation as at 6 April 2007 (further details below)
- (iii) a release of £26.9 million from the Escrow account to the Trustee on 5 February 2007
- (iv) the balance of the Escrow account to be released to the Trustee on 4 February 2008
- (v) a second ranking charge in favour of the Trustee over the properties owned by Harrods Property Limited
- (vi) a lien over the inventory owned by Harrods Limited comprising goods held for re-sale

In accordance with the Funding Agreement, the contribution rate of £16.3 million per annum was amended following the completion of an actuarial valuation of the Plan as at 6 April 2007 on a Scheme Specific Funding basis by qualified independent actuaries Hymans Robertson. The deficit on this basis was £67.5 million as at 6 April 2007 after accounting for £26.5 million of money held in Escrow at the valuation date (£94.0 million deficit excluding the Escrow money). Accordingly, in order for the Plan to be fully funded by 31 January 2014, the amended contributions are as follows.

- (i) monthly contributions totalling £10.6 million per annum with effect from 1 October 2007 (the first four of which were payable into the abovementioned Escrow account, with payments from February 2008 onwards payable directly to the Plan)
- (ii) monthly contributions totalling an estimated £0.7 million per annum to fund administrative expenses of the Plan, with effect from 6 April 2007
- (iii) annual contribution estimated at £0.3 million to fund the Pension Protection Fund levy and other such pension scheme levies as are payable by the employers and Trustee under the terms of the Pension Schemes Act 1993 and the Pensions Act 2004

Recognising the risks inherent in the performance of the financial markets during the 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 2 February 2008, the participating employers made total contributions to the Escrow account of £15.3 million (total contributions in the previous year were £62.5 million, of which £50.5 million was paid into Escrow). In addition, £26.9 million (2007: £nil) was released from the Escrow account and transferred to the Plan. All participating employers have contributed to these payments, pro-rated on the basis of their share of the Plan's pension liabilities (as calculated by the Plan actuary), including the four related party participating employers

Amounts contributed by the Harrods Holdings Limited group (that is, excluding amounts attributable to related party participating employers) are therefore summarized in the tables below

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

#### Financial Reporting Standard 17 Disclosures

For the period ended 2 February 2008, the Group has accounted for its defined benefit pension liability in accordance with FRS 17

An actuarial valuation of the Harrods Group Pension Plan on a scheme specific funding basis was undertaken as at 6 April 2007 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 2 February 2008 using the projected unit method of valuation. The major assumptions used by the actuary were

	2 February 2008	% per annum 3 February 2007	28 January 2006
Discount rate	6.2%	5.3%	4.7%
Inflation assumption	3.5%	3.0%	3.0%
Rate of increase in salaries	n/a	n/a	4.5%
Rate of pension increases (LPI 5%)	3.4%	2.9%	2.9%
Rate of pension increases (LPI 2.5%)	2.5%	2.5%	2.5%
Longevity at age 60 for current pensioners			
- Men	26.7	24.6	24.5
- Women	29.6	27.6	27.5
Longevity at age 60 for future pensioners			
- Men	27.9	25.9	25.8
- Women	30.7	28.9	28.8

The sensitivities regarding these assumptions are as follows

Assumption	Change in Assumption	Effect on value of liabilities
Discount rate	Increase/decrease by 0.5% p a	Decrease/increase by 9.0%
Inflation assumption	Increase/decrease by 0.5% p a	Increase/decrease by 9.0%
Longevity	Increase by 1 year	Increase by 3%

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

At 2 February 2008 the market value of the assets in the Plan, the expected long-term rate of return from them and the present value of Plan liabilities, all as defined in accordance with FRS 17 and valued by the qualified independent actuary were as follows

	As at 2 February 2008		As at 3 February 2007		As at 28 January 2006	
	Harrods Group Pension Plan £m	Expected long-term rate of return % per annum	Harrods Group Pension Plan £m	Expected long-term rate of return % per annum	Harrods Group Pension Plan £m	Expected long-term rate of return % per annum
Equities	98.2	7.1%	137.0	7.5%	175.7	7.0%
Equity option	11.9	7.1%	-	n/a	-	n/a
Corporate bonds	28.0	6.2%	22.7	5.5%	29.9	4.7%
Government bonds	22.9	4.2%	27.8	4.6%	16.8	4.0%
Total return investments	47.5	7.0%	47.1	7.5%	-	n/a
Active currency	7.8	9.7%	11.3	9.8%	-	n/a
Cash earmarked for investment	46.8	7.1%	-	n/a	-	n/a
Cash	1.1	4.95%	-	n/a	6.1	4.0%
<b>Total assets held by the plan</b>	<b>264.2</b>		<b>245.9</b>		<b>228.5</b>	
Monies held in escrow	38.9	4.95%	48.9	4.8%	-	n/a
<b>Total market value of assets</b>	<b>303.1</b>		<b>294.8</b>		<b>228.5</b>	
Present value of plan liabilities	(292.8)		(315.2)		(357.1)	
<b>Surplus/(deficit) in the Plan</b>	<b>10.3</b>		<b>(20.4)</b>		<b>(128.6)</b>	
Irrecoverable surplus	(10.0)		-		-	
<b>Surplus/(deficit) recognised in balance sheet</b>	<b>0.3</b>		<b>(20.4)</b>		<b>(128.6)</b>	
Related deferred tax asset	10.4		19.7		36.6	
<b>Net pension asset/(liability) per FRS 17</b>	<b>10.7</b>		<b>(0.7)</b>		<b>(92.0)</b>	

At 2 February 2008, £10.4 million (2007 £14.7 million) of the deferred tax asset relates to monies held in escrow (but excluding accrued interest thereon), and will be realized as monies are released from escrow to the Plan, in accordance with the Funding Agreement

As at 29 January 2005, the total market value of assets in the plan was £183.4 million, the present value of plan liabilities was £278.6 million, resulting in a deficit in the plan of £95.2 million (before related deferred tax asset)

As at 31 January 2004, the total market value of assets in the plan was £165.6 million, the present value of plan liabilities was £247.7 million, resulting in a deficit in the plan of £82.1 million (before related deferred tax asset)

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

#### Profit and Loss Disclosures

	2 February 2008 £m	3 February 2007 £m
<b>Analysis of amounts charged to operating profit</b>		
Current service cost	-	1 5
Curtailment and settlements	-	(19 4)
Total operating credit	-	(17 9)
<b>Analysis of amounts included as other finance costs</b>		
Expected return on pension plan assets	(15.9)	(14 7)
Interest cost on pension plan liabilities	15.9	15 8
Net financial cost	-	1 1
<b>Analysis of amounts recognised in statement of total recognised gains and losses</b>		
Actual return less expected return on assets	(1.3)	2 7
Experience losses on liabilities	(5 0)	(11 0)
Impact of changes in assumptions relating to the present value of plan liabilities	22 3	39 1
Increase in irrecoverable surplus	(10 0)	-
Actuarial gain recognised in statement of total recognised gains and losses	6.0	30 8
<b>Movement in the deficit during the period</b>		
Deficit in the plan at 4 February 2007	(20.4)	(128 6)
Current service cost	-	(1 5)
Monies paid into escrow account by employers	14.5	48 9
Monies paid from escrow account by employers	(25.4)	-
Employer contributions	25.0	11 7
Impact of curtailments and settlements	-	19 4
Disposal of subsidiary	0.6	-
Net financial cost	-	(1 1)
Actuarial gain	6.0	30 8
Surplus/(deficit) in the plan at 2 February 2008	0 3	(20 4)

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

### RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

#### History of experience gains and losses

The following disclosures provide five year history

	2 February 2008		3 February 2007		28 January 2006		29 January 2005	
	£m	%	£m	%	£m	%	£m	%
Difference between actual and expected return on assets	(1.3)	(0.4%)	2.7	0.9%	32.7	14.3%	5.8	3.2%
Experience (losses)/gains on liabilities	(5.0)	(1.7%)	(11.0)	(3.5%)	(2.8)	(0.8%)	-	-
Amount recognised in statement of total recognised gains and losses against liabilities	6.0	2.1%	30.8	9.8%	(32.4)	(9.1%)	(9.1)	(3.3%)

At 31 January 2004 the difference between actual and expected returns on assets was £22.5 million (13.6%), the experience losses on liabilities was £5.4 million (2.2%) and the amount recognised in the statement of total recognised gains and losses against liabilities was a gain of £7.3 million (2.9%)

## 29 LEASING COMMITMENTS

The group has annual commitments under operating leases which expire as follows

	Consolidated		Company	
	2 February 2008	3 February 2007	2 February 2008	3 February 2007
	£m	£m	£m	£m
Land and buildings				
Less than one year	0.2	-	-	-
Between one and five years	0.8	0.3	-	-
In five years or more	43.3	40.8	0.2	0.2
	<u>44.3</u>	<u>41.1</u>	<u>0.2</u>	<u>0.2</u>
	Consolidated		Company	
	2 February 2008	3 February 2007	2 February 2008	3 February 2007
	£m	£m	£m	£m
Other assets leases				
In one year or less	0.1	0.5	-	-
Between one and five years	0.9	1.6	-	-
In five years or more	1.5	1.7	-	-
	<u>2.5</u>	<u>3.8</u>	<u>-</u>	<u>-</u>

# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

---

### 30 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

During the period the group entered into transactions with a number of entities, which are under the control of the group's ultimate controlling party. These entities comprise Alfayed Charitable Foundation, Balnagown Castle Properties Limited, Bocardo Societe Anonyme, Fayair (Jersey) Company Limited, Fulham Football Club (1987) Limited, Fulham Stadium Limited, Gallant Minerals Services Limited, Harrods Natural Resources Inc (and subsidiaries), Harrods Property Limited (formerly Featurecode 2 Limited), Hyde Park Residence Limited, Jasmine Di Milo Limited, Liberty Publishing Limited (and subsidiaries), Prestige Properties S A, The Ritz Hotel Limited, Turnbull & Asser Limited (and subsidiaries), AIT Enterprises Limited, Harrods Aviation Limited, Air Harrods Limited and Harrods Leisure Limited. The transactions and balances with these entities are not considered to be material except as described below.

The group has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings.

During the period, the group made donations to the Alfayed Charitable Foundation amounting to £0.8m (2007 £0.4m).

During the period, the group charged Balnagown Castle Properties Limited for stock sold amounting to £0.1m (2007 £0.1m). The debtor outstanding at the period end was £0.1m (2007 £nil). The maximum debtor balance during the period was £0.1m (2007 £0.1m).

During the period, the group charged Bocardo Societe Anonyme £0.1m (2007 £nil) for payroll charges. The debtor outstanding at the period end was £nil (2007 £nil). The maximum debtor outstanding during the period was £0.1m (2007 £nil).

During the period, the group charged fees relating to contract work and engineering services to Fayair (Jersey) Company Limited, amounting to £nil (2007 £1.1m). The debtor outstanding at the period end was £nil (2007 £0.2m). The maximum debtor balance during the period was £nil (2007 £0.1m).

During the period, the group recharged payroll and made administration charges to Fulham Football Club (1987) Limited, amounting to £29.9m (2007 £38.4m). The debtor outstanding at the period end was £nil (2007 £nil). The maximum debtor balance during the period was £17.7m (2007 £54.8m).

The debtor outstanding with Fulham Football Club (1987) Limited during the year was secured by second and third fixed and floating charges over Fulham Stadium Limited's rights to and title of the whole of its property, assets, rights and revenues.

During the period, the group recharged payroll and made administration charges to Fulham Stadium Limited, amounting to £0.2m (2007 £0.2m). The debtor outstanding at the period end was £nil (2007 £nil). The maximum debtor balance during the period was £0.1m (2007 £0.3m).

During the period, the group was charged and made administration charges to Hyde Park Residence Limited amounting to a net £0.1m (2007 £0.7m). The creditor outstanding at period end was £nil (2007 £nil). The maximum creditor balance during the period was £nil (2007 £0.1m).

Jasmine Di Milo Limited operates a concession in the Knightsbridge Store, on commercial terms, for which it was charged £0.6m (2007 £0.2m). The debtor outstanding at period end was £0.1m (2007 £nil). The maximum debtor balance during the period was £0.3m (2007 £0.1m).



# HARRODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 FEBRUARY 2008

---

### TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES (CONTINUED)

During the period, the group recharged payroll and made administration and occupancy charges to Liberty Publishing & Media Limited amounting to £0.3m (2007: £0.3m). The debtor outstanding at the period end was £nil (2007: £nil). The maximum debtor balance during the period was £0.2m (2007: £0.5m).

During the period, the group charged fees in respect of marketing and advisory services to Prestige Properties S.A. of an amount of £0.2m (2007: £0.1m). The debtor outstanding at period end was £0.1m (2007: £0.1m). The maximum debtor balance during the period was £0.1m (2007: £nil).

During the period, the group recharged payroll and project management charges to The Ritz Hotel Limited amounting to £0.4m (2007: £0.4m). The debtor outstanding at period end was £0.2m (2007: £0.2m). The maximum debtor balance during the period was £0.4m (2007: £0.2m).

The group charged Turnbull & Asser Limited £0.3m (2007: £0.3m) under commercial terms for the concession it operates in the Store. The debtor outstanding at period end was £nil (2007: £nil). The maximum debtor balance during the period was £0.1m (2007: £nil).

On 1 March 2007, Harrods Aviation Holdings Limited, Harrods Leisure Holdings Limited and a number of non-trading entities were sold for £10.6m to AIT Enterprises Limited, which is under the common control of the company's ultimate parent undertaking (note 31).

During the period, the group charged pension contributions to Air Harrods amounting to £0.1m (2007: £nil). The debtor outstanding at period end was £nil (2007: £nil). The maximum debtor balance during the period was £0.1m (2007: £nil).

During the period, the group charged payroll and pension contributions to Harrods Aviation Limited amounting to £9.0m (2007: £nil). The debtor outstanding at period end was £nil (2007: £nil). The maximum debtor balance during the period was £1.5m (2007: £nil).

As at 2 February 2008, the group had loans of £20.4m outstanding to Harrods Aviation Limited. Prior to its disposal to a related party on 1 March 2007, loans by group undertakings to Harrods Aviation Limited were eliminated upon consolidation of the group. The loan is interest-bearing with the interest rate calculated on commercial terms.

During the period, the group granted a loan of £10.2m to AIT Enterprises Limited. The debt is non-interest bearing and is repayable on not less than 12 months notice by the lender. As at 2 February 2008, the balance outstanding was £10.2m (2007: £nil).

In December 2006, the group granted a subordinated loan to Harrods Property Limited (formerly Featurecode 2 Limited). The loan is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan. The loan is non-interest bearing and is repayable on demand by the lender. At the period end, the loan outstanding was £302.4m (2007: £303.2m). The maximum receivable during the period was £303.3m (2007: £705.3m). An independent valuation of these assets was carried out at the directors' request as at 3 February 2007. The directors have reviewed this valuation in line with conditions existing as at 2 February 2008 and are of the view that the resultant valuation continues to support recoverability of the debtor.

The Harrods Limited group continues as tenant under a lease with Harrods Property Limited which is for a term of 35 years from December 2006. This lease covers the Harrods store in Knightsbridge, the Harrods distribution centre near Heathrow and a number of ancillary Harrods properties used for trading operations. During the period the group was charged rent of £39.6m (2007: £5.6m) by Harrods Property Limited (formerly Featurecode 2 Limited). At the period end, the balance of prepaid rent was £3.0m (2007: £2.7m).

# **HARRODS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 FEBRUARY 2008

---

### **TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES (CONTINUED)**

During the period, the group recharged project management charges to Harrods Property Limited amounting to £0.1m (2007: £nil). The debtor outstanding at period end was £0.1m (2007: £nil). The maximum debtor balance during the period was £0.1m (2007: £nil).

There are no other related party transactions.

### **31 ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is AIT Participations Limited, a company incorporated in the United Kingdom.

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