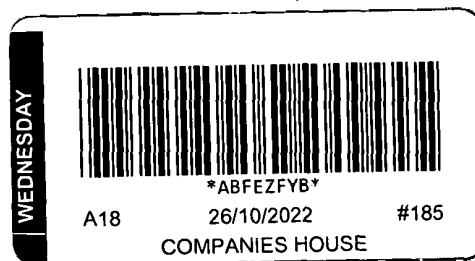


Registration number: 1848143

# Harrods Holdings Limited

Annual Report and Financial Statements

for the period ended 29 January 2022



## **Harrods Holdings Limited**

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## **Harrods Holdings Limited**

### **Strategic Report for the Period ended 29 January 2022**

The directors present their Strategic Report and the Financial Statements for the 52 week period ended 29 January 2022 (2021: 52 weeks ended 30 January 2021).

#### **Principal activity**

The principal activity of Harrods Holdings Limited (the company) is that of an investment holding company.

#### **Business review**

On July 16, 2021, the company concluded an agreement with its banking syndicate to extend by eighteen months the term loan of £620m and the revolving credit facility of £200m, which had been due to be repayable in April 2022. The new repayment date under the amended and restated agreement is 29 October 2023.

The balances outstanding at the end of the year were £620m for the term loan (2021: £620m) and £nil on the revolving credit facility (2021: £nil).

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

##### **Interest rate risk**

The company's exposure to interest rate fluctuations on its borrowings has been largely eliminated by entering into swap agreements that fix the rate of interest over the term of the borrowings.

##### **Liquidity risk**

Dividend and interest income from group undertakings are normally used to fund interest and loan repayments due under the company's bank loan. In the current year, as no dividend income has been received, interest payments were funded by Harrods Limited via the intercompany current account.

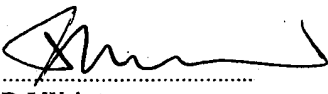
##### **Covid-19**

The Covid-19 pandemic had been a significant challenge for the Harrods group. The year ending 29 January 2022 saw a positive level of recovery in trade and profit for the group albeit, it is still below pre-covid levels. Management, therefore, do not expect there to be significant long-term consequences on the business as a result of the pandemic.

##### **Brexit**

There are no direct Brexit implications for the company.

Approved by the Board on 15 July 2022 and signed on its behalf by:



D J Webster  
Company secretary and director

**Harrods Holdings Limited**  
**Directors' Report**  
**for the period ended 29 January 2022**

The directors present their Annual Report and the Financial Statements for the 52 week period ended 29 January 2022 (2021: 52 weeks ended 30 January 2021).

**Results and dividends**

The loss for the period, after taxation, amounted to (£13.7m) (2021: (£18.1m)). The loss for the period is due to no dividend income in the period. The company paid a dividend of £nil (2021: £nil).

**Directors of the company**

The directors who held office during the period were as follows:

M A Ward

D J Webster

**Going concern**

The Covid-19 pandemic has been a significant challenge for the Harrods Group (Holding) Limited group (the "Group").

Harrods Holdings Limited (the "Company") provides treasury operations for the Group through external borrowings that it holds, and is dependent on the operating entities within the Group generating sufficient cashflows such that the Company can make repayments of interest and principal on its borrowings as they fall due, and in order for it to comply with the related covenant requirements. As a result, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern. In addition, the Company generates its income through dividends paid from other members of the Harrods group and therefore will be indirectly affected by the impact of the pandemic. Management are confident that the Company has access to sufficient liquidity through group resources to meet its obligations as they fall due over the 12 months from the date of approval of the accounts. The directors have also reviewed the Group's going concern assessment and concur that the group is expected to continue as a going concern for at least 12 months from the date of approval of these financial statements.

The Company is reliant on the continued financial support of other group companies. A fellow group company, Harrods Limited has indicated its intention to continue to make available such funds as are needed by the Company for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**KPIs**

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

**Political donations**

During the period the company did not make any political donations (2021: £nil).

**Post balance sheet events**

On 18 March 2022, the revolving credit facility of £200m was cancelled by Harrods Holdings Limited as it was deemed the group had sufficient surplus cash reserves which made the RCF no longer required. There are no other events affecting the company since the year end.

## **Harrods Holdings Limited**

### **Directors' Report for the period ended 29 January 2022 (continued)**

#### **Disclosure of information to the auditors**

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

#### **Reappointment of auditors**

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 15 July 2022 and signed on its behalf by:



.....  
D J Webster  
Company secretary and director

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

## **Harrods Holdings Limited**

### **Statement of Directors' Responsibilities in respect of the annual report and the financial statements**

The directors acknowledge their responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARRODS HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of Harrods Holdings Limited ("the Company") for the 52-week period ended 29 January 2022 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 January 2022 and of its loss for the 52-week period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.



- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as the Company does not have any revenue streams.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included:
  - Journal entries associated with key words including 'instruct', 'error', 'fine', 'fraud', 'bribe', 'illegal' and 'litigation'
  - Unexpected journal entries posted to cash
  - Journal entries associated with related parties, specifically directors
  - Journal entries posted by specific users
  - Material post-closing journal entries

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal





controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and



for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Chrissy Douka'.

**Chrissy Douka (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
Date: 20<sup>th</sup> July 2022

## Harrods Holdings Limited

### Profit and Loss Account for the period ended 29 January 2022

		52 weeks ended 29 January 2022 £ m	52 weeks ended 30 January 2021 £ m
Administrative expenses		<u>(0.3)</u>	<u>(0.4)</u>
Operating loss	3	(0.3)	(0.4)
Interest payable and similar charges	4	<u>(16.9)</u>	<u>(17.8)</u>
Loss before tax		(17.2)	(18.2)
Taxation	6	<u>3.5</u>	<u>0.1</u>
Loss for the financial period		<u><u>(13.7)</u></u>	<u><u>(18.1)</u></u>

The above results were derived from continuing operations.

## Harrods Holdings Limited

### Statement of Comprehensive Income for the period ended 29 January 2022

		52 weeks ended 29 January 2022 £ m	52 weeks ended 30 January 2021 £ m
	Note		
Loss for the period		(13.7)	(18.1)
Actuarial gains/(losses) on defined benefit pension schemes	10	3.2	(0.8)
Movement on deferred tax relating to defined benefit pension asset	10	(0.6)	-
Hedging reserve movement in the period	9	14.0	2.1
<b>Other comprehensive income for the period</b>		<b>16.6</b>	<b>1.3</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>2.9</b>	<b>(16.8)</b>

# Harrods Holdings Limited

(Registration number: 1848143)

## Balance Sheet as at 29 January 2022

	Note	29 January 2022 £ m	30 January 2021 £ m
<b>Fixed assets</b>			
Investments	7	1,299.5	1,299.5
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	8	2.9	-
Debtors: amounts falling due within one year	8	13.3	9.8
Cash at bank and in hand		2.5	2.7
		18.7	12.5
<b>Creditors: Amounts falling due within one year</b>	9	(261.6)	(228.6)
<b>Net current liabilities</b>		(242.9)	(216.1)
<b>Total assets less current liabilities</b>		1,056.6	1,083.4
<b>Creditors: Amounts falling due after more than one year</b>	9	(602.5)	(629.6)
<b>Provisions for liabilities</b>	6	(1.9)	(1.3)
<b>Net assets excluding pension asset</b>		452.2	452.5
Pension asset	10	10.2	7.0
<b>Net assets</b>		462.4	459.5
<b>Capital and reserves</b>			
Called up share capital	11	50.0	50.0
Share premium reserve	11	198.4	198.4
Merger reserve		217.8	217.8
Hedging reserve	9	2.9	(11.1)
Profit and loss account		(6.7)	4.4
<b>Total equity</b>		462.4	459.5

Approved and authorised by the Board on 15 July 2022 and signed on its behalf by:

M A Ward  
Director

## Harrods Holdings Limited

### Statement of Changes in Equity for the period ended 29 January 2022

	Share capital £ m	Share premium £ m	Non-distributable reserve £ m	Hedging reserve £ m	Profit and loss account £ m	Total £ m
At 2 February 2020	50.0	198.4	217.8	(13.2)	23.3	476.3
Loss for the period	-	-	-	-	(18.1)	(18.1)
Actuarial loss on defined benefit pension schemes (net of deferred tax)	-	-	-	-	(0.8)	(0.8)
Hedging reserve movement in the period	-	-	-	2.1	-	2.1
Total comprehensive income	-	-	-	2.1	(18.9)	(16.8)
At 30 January 2021	50.0	198.4	217.8	(11.1)	4.4	459.5

The notes on pages 14 to 28 form an integral part of these financial statements.

## Harrods Holdings Limited

### Statement of Changes in Equity for the period ended 29 January 2022 (continued)

	Share capital £ m	Share premium £ m	Non-distributable reserve £ m	Hedging reserve £ m	Profit and loss account £ m	Total £ m
At 31 January 2021	50.0	198.4	217.8	(11.1)	4.4	459.5
Loss for the period	-	-	-	-	(13.7)	(13.7)
Actuarial gain on defined benefit pension schemes (net of deferred tax)	-	-	-	-	2.6	2.6
Hedging reserve movement in the period	-	-	-	14.0	-	14.0
Total comprehensive income	-	-	-	14.0	(11.1)	2.9
At 29 January 2022	50.0	198.4	217.8	2.9	(6.7)	462.4

The notes on pages 14 to 28 form an integral part of these financial statements.

## **Harrods Holdings Limited**

### **Notes to the Financial Statements for the period ended 29 January 2022**

#### **1 General information**

The address of its registered office is:  
87 135 Brompton Road  
Knightsbridge  
London  
SW1X 7XL  
United Kingdom

#### **2 Accounting policies**

##### **Basis of preparation**

The Financial Statements have been prepared under the historical cost convention except for the treatment of financial derivatives which are accounted for under the fair value convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 can require the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The area involving a higher degree of judgment, or area where assumptions and estimates are significant to the financial statements is the investment impairment, see relevant accounting policy.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors consider it appropriate for these Financial Statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of amounts due to the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

Harrods Holdings Limited is a wholly owned subsidiary of Harrods Group (Holding) Limited which produces group accounts in accordance with the Companies Act 2006. Consequently, the company has taken advantage of the exemption permitted by section 400 of the Act from producing group accounts. These accounts therefore present information about the company and not about its group.

##### **Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures.

This information is included in the Consolidated Financial Statements of Harrods Group (Holding) Limited as at 29 January 2022 and these Financial Statements may be obtained from the Registrar of Companies.



**Harrods Holdings Limited**  
**Notes to the Financial Statements**  
**for the period ended 29 January 2022 (continued)**

**2 Accounting policies (continued)**

**Going concern**

The Covid-19 pandemic has been a significant challenge for the Harrods Group (Holding) Limited group (the "Group").

Harrods Holdings Limited (the "Company") provides treasury operations for the Group through external borrowings that it holds, and is dependent on the operating entities within the Group generating sufficient cashflows such that the Company can make repayments of interest and principal on its borrowings as they fall due, and in order for it to comply with the related covenant requirements. As a result, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern. In addition, the Company generates its income through dividends paid from other members of the Harrods group and therefore will be indirectly affected by the impact of the pandemic. Management are confident that the Company has access to sufficient liquidity through group resources to meet its obligations as they fall due over the 12 months from the date of approval of the accounts. The directors have also reviewed the Group's going concern assessment and concur that the group is expected to continue as a going concern for at least 12 months from the date of approval of these financial statements.

The Company is reliant on the continued financial support of other group companies. A fellow group company, Harrods Limited has indicated its intention to continue to make available such funds as are needed by the Company for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are impaired when the carrying amount is greater than its estimated recoverable amount. Any impairment charge arising, is recognised in the Profit and Loss Account. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**Hedge accounting**

The company has entered into variable and fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in Profit or Loss for the period.

**Finance costs**

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **Harrods Holdings Limited**

### **Notes to the Financial Statements for the period ended 29 January 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Borrowing costs**

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

##### **Issue costs**

Costs associated with the issue of the bank loan are amortised over the period of the loan.

##### **Dividend income**

Revenue is recognised when the group's right to receive payment is established.

##### **Pensions**

###### **Defined benefit pension obligation**

Certain group 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's defined benefit pension scheme is assessed annually in accordance with FRS 102. 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 recognised only to the extent that it is recoverable by the group. The amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits includes the interest cost on the scheme liabilities for the period and the interest income on the scheme assets and are included in finance costs. In addition, administrative expenses which are funded by the group are also charged to the Profit and Loss Account under operating costs.

Actuarial gains and losses including return on assets in excess or short of the interest income as well as movement in the liabilities due to changes in assumptions net of the interest costs as well as experience adjustments are recorded in Statement of Other Comprehensive Income.

The group pension assets and liabilities have been allocated amongst the contributing employers by reference to detailed data of the buyout liabilities of members and deferred members supplied by the scheme actuary as at the April 2015 triennial valuation.

Disclosure has been made of the assets and liabilities under FRS 102 sections 28.41 and 28.41A.

##### **Financial instruments**

The company enters into financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and group undertakings, interest rate swaps and investments in non puttable ordinary shares.

##### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 29 January 2022 (continued).

#### 2 Accounting policies (continued)

##### Current taxation

Current tax, including UK corporation tax and foreign tax, is provided as amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

##### Debtors

Debtors are initially recognised at fair value, and subsequently measured at amortised cost less any impairment.

##### Creditors

Creditors are initially recognised at fair value and subsequently measure at amortised cost.

#### 3 Operating loss

The operating loss is stated after charging:

Audit fees for the period of £16,277 (2021: £21,000).

Non-audit fees for the period of £10,000 (2021: £15,699).

#### 4 Interest payable and similar expenses

	52 weeks ended 29 January 2022 £ m	52 weeks ended 30 January 2021 £ m
Other loan interest payable	13.8	15.8
Other finance costs	2.1	1.0
Interest payable on loans from group undertakings	1.0	1.0
	<u>16.9</u>	<u>17.8</u>

# Harrods Holdings Limited

## Notes to the Financial Statements for the period ended 29 January 2022 (continued)

### Notes to the Financial Statements (continued)

#### 5 Directors and employees

The company has 2 directors employed by a subsidiary undertaking (2021: 2).

The company did not employ any persons or incur any staff costs during the period (2021: £nil).

The value of emoluments incurred directly by the company was £nil (2021: £nil). Emoluments incurred by the group's subsidiary undertakings was £2.6m (2021: £1.2m). The highest paid director received remuneration of £2.3m (2021: £1.0m). Included in emoluments for the period ended 29 January 2022 are pension contributions of £15k (2021: £16k).

There are 0 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2021: 0) and 1 director to whom retirement benefits are accruing under a defined contribution scheme (2021: 1).

#### 6 Taxation

Tax charged/(credited) in the income statement

	52 weeks ended 29 January 2022 £ m	52 weeks ended 30 January 2021 £ m
<b>Current taxation</b>		
Group relief receivable	(3.6)	(0.2)
<b>Total current tax</b>	<b>(3.6)</b>	<b>(0.2)</b>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	0.1	-
Arising from changes in tax rates and laws	-	0.1
<b>Total deferred taxation</b>	<b>0.1</b>	<b>0.1</b>
<b>Tax credit in the income statement</b>	<b>(3.5)</b>	<b>(0.1)</b>

**Tax relating to items recognised in other comprehensive income or equity**

	52 weeks ended 29 January 2022 £ m	52 weeks ended 30 January 2021 £ m
Deferred tax related to items recognised as items of other comprehensive income	0.6	(0.1)

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 29 January 2022 (continued)

#### Notes to the Financial Statements (continued)

#### 6 Taxation (continued)

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	52 weeks ended 29 January 2022 £ m	52 weeks ended 30 January 2021 £ m
Loss before tax	(17.2)	(18.2)
Corporation tax at standard rate	(3.3)	(3.5)
<b>Effects of:</b>		
Tax rate changes	-	0.1
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(0.2)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	3.3
<b>Total tax credit</b>	<b>(3.5)</b>	<b>(0.1)</b>

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate.

#### Deferred tax

Deferred tax is provided for at 19% (2021: 19%) in the financial statements set out below:

	29 January 2022 £ m	30 January 2021 £ m
Deferred tax on defined benefit pension scheme	(1.9)	(1.3)
<b>Total deferred tax liability</b>	<b>(1.9)</b>	<b>(1.3)</b>

#### 7 Investments

	29 January 2022 £ m	30 January 2021 £ m
Investments in subsidiaries	1,299.5	1,299.5

**Harrods Holdings Limited**  
**Notes to the Financial Statements**  
**for the period ended 29 January 2022 (continued)**

**Notes to the Financial Statements (continued)**

**7 Investments (continued)**

<b>Subsidiaries</b>	<b>£ m</b>
<b>Cost</b>	
At 31 January 2021	<u>1,299.5</u>
<b>Carrying amount</b>	
At 29 January 2022	<u>1,299.5</u>
At 30 January 2021	<u>1,299.5</u>

**Details of undertakings**

<b>Undertaking</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>				
Harrods UK Limited*	England and Wales	Ordinary	100%	Holding company
Harrods Limited	England and Wales	Ordinary	100%	Department store
Harrods International Limited	England and Wales	Ordinary	100%	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Ordinary	100%	Exporter
Harrods Department Store (Shanghai) Co., Limited	China	Ordinary	100%	Personal Shopping service
Harrods Beauty Limited	England and Wales	Ordinary	100%	Retailer
Harrods Estates Limited	England and Wales	Ordinary	100%	Estate agency
5A Holdings Limited	England and Wales	Ordinary	100%	Holding company
Genavco Insurance Limited	England and Wales	Ordinary	100%	Insurance broker
Harrods Corporate Management Limited*	England and Wales	Ordinary	100%	Intellectual property management limited
Harrods Property Limited	England and Wales	Ordinary	100%	Property management
Harrods Nominees Limited	England and Wales	Ordinary	100%	Dormant company
Harrods Management Limited	England and Wales	Ordinary	100%	Dormant company
Harrods Group Trustees Limited	England and Wales	Ordinary	100%	Dormant company
Harrods Hong Kong Limited	Hong Kong	Ordinary	100%	Personal Shopping

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 29 January 2022 (continued)

#### Notes to the Financial Statements (continued)

#### 7 Investments (continued)

The registered address of each entity listed above is 87-135 Brompton Road, Knightsbridge, London, SW1X 7XL, England and Wales, except Harrods Department Store (Shanghai) Co., Limited, whose registered address is 4801 Binjiang Avenue, China (Shanghai) Free Trade Zone, and Harrods Hong Kong Limited, whose registered address is 21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

\*The whole of the issued ordinary share capital in these companies is owned directly by the company. The whole of the ordinary share capital in the other companies is held by intermediate companies.

#### 8 Debtors

	29 January 2022 £ m	30 January 2021 £ m
<b>Debtors: due within one year</b>		
Amounts owed by group undertakings	9.5	9.5
Other debtors	3.8	0.3
	<u>13.3</u>	<u>9.8</u>

In prior years, the company granted a non-interest bearing loan of £10.2m to QH Enterprises Limited. As at 29 January 2022, the balance outstanding was £9.5m (2021: £9.5m). The loan is repayable on demand.

	29 January 2022 £ m	30 January 2021 £ m
<b>Debtors: due after more than one year</b>		
Interest rate swaps	2.9	-
	<u>2.9</u>	<u>-</u>

Please refer to note 9 in respect of the interest rate swaps.

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 29 January 2022 (continued)

#### Notes to the Financial Statements (continued)

#### 9 Creditors

	29 January 2022 £ m	30 January 2021 £ m
<b>Amounts falling due within one year</b>		
Loans and borrowings	15.0	-
Amounts owed to group undertakings	245.3	228.3
Accrued expenses	1.3	0.3
	<u>261.6</u>	<u>228.6</u>
<b>Amounts falling due after one year</b>		
Bank loans	602.5	618.5
Interest rate swaps	-	11.1
	<u>602.5</u>	<u>629.6</u>



## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 29 January 2022 (continued)

#### Notes to the Financial Statements (continued)

#### 9 Creditors (continued)

Loans and borrowings due within one year represent amounts repayable on term loan of £15m (2021: £nil) which is repayable in August 2022.

Loans and borrowings due after more than one year represent a term loan of £605m (2021: £620m) which is repayable in October 2023. The balances outstanding at the end of the year were £605m for the term loan (2021: £620m) and £nil on the revolving credit facility (2021: £nil).

Loans are presented net of finance costs; Finance costs at 29 January 2022 are £2.5m (2021: £1.5m). The increase in finance costs relates to the agreement fees paid on the extension of the financing facility with the banks.

On 16 July 2021, the company concluded an agreement with its banking syndicate to extend by eighteen months the term loan of £620m and the revolving credit facility of £200m, which resulted in a small increase in the margin charged by the banks, but offset by a decrease in the fixed rate applicable on the SWAPS, which will overall result in a reduction of the annual finance costs. The new repayment date under the amended and restated agreement is now 29 October 2023.

The covenant commitments under the new agreement involve a minimum liquidity test measured at the end of each month and a minimum quarterly EBITDA until June 2022. These will be superseded by the original covenant measures of net leverage ratios and interest cover albeit at revised thresholds from July 2022 until October 2023. Sufficient headroom has been built into the covenants against the conservative cash and profit forecasts of the obligor group.

On 16 July 2021 interest rate swaps were entered into by Harrods Holdings Limited to hedge future expected cash outflows on the new loan facility of £620m. The interest rate swaps have a total notional value of £545m and terminate on 29 October 2023.

As at 29 January 2022, the change in fair value of the interest rate swaps for the period (+£14.0m) (2021: +£2.1m) has been fully recognised in other comprehensive income. The total asset at 29 January 2022 is £2.9m (2021: liability £11.1m).

On 18 March 2022, the revolving credit facility of £200m was cancelled by Harrods Holdings Limited as it was deemed the group had sufficient surplus cash reserves which made the facility no longer required.

#### Loans

Analysis of the maturity of loans is given below:

	29 January 2022	30 January 2021
	£ m	£ m
Amounts falling due within one year - Bank Loans	15.0	-
Amounts falling due after more than one year - Bank loans	602.5	618.5
	<u>617.5</u>	<u>618.5</u>

**Harrods Holdings Limited**  
**Notes to the Financial Statements**  
**for the period ended 29 January 2022 (continued)**

**Notes to the Financial Statements (continued)**

**10 Pension and other schemes**

**Defined benefit pension schemes**

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

The funding position of the Plan is monitored by the 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.

An actuarial valuation of the Plan as at 5 April 2021 on a technical provision basis was carried out by the Scheme Actuary, with a surplus of £52m being calculated on that basis, a funding level of 108%. At the previous valuation at 5 April 2018, there was a surplus of £11m equating to a funding level of 102%.

Following the results of the April 2021 valuation, with the scheme experiencing an increase in surplus, the Group and the Pension Trustee agreed the following:

In the event that the Plan is in surplus of at least £1m on the agreed Technical provisions basis outlined with the Statement of Funding Principles at each Plan Year End (from 5 April 2022, and each 5 April thereafter during period covered by this Schedule of Contributions), the Plan will meet all expenses directly.

In the event of the Plan is in deficit or has a surplus of less than £1m on the agreed Technical provisions basis outlined with the Statement of Funding Principles at each Plan Year End (from 5 April 2022, and each 5 April thereafter during period covered by this Schedule of Contributions), the employer will recommence the payment of the expenses (estimated at circa £1m) following the month of the actuarial report being finalised.

The formal actuarial valuation as at 05 April 2021 was updated to 29 January 2022 accounting date by an independent qualified actuary in accordance with FRS 102. As required by FRS 102, the value of the defined benefit liabilities has been measured using the projected unit method.

In aggregate, during the period ended 29 January 2022, the participating employers made total contributions to the plan of £518k (2021: £33k).

The next triennial valuation is scheduled for April 2024.

# Harrods Holdings Limited

## Notes to the Financial Statements for the period ended 29 January 2022 (continued)

### Notes to the Financial Statements (continued)

#### 10 Pension and other schemes (continued)

##### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the Statement of Financial Position are as follows:

	29 January 2022 £ m	30 January 2021 £ m
Fair value of scheme assets	39.7	39.4
Present value of defined benefit obligation	(29.5)	(32.4)
Defined benefit pension scheme surplus	<u>10.2</u>	<u>7.0</u>

##### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	29 January 2022 £ m
Present value at start of period	32.4
Interest cost	0.6
Actuarial gains	(2.2)
Benefits paid	(1.0)
Effect of experience adjustments	<u>(0.3)</u>
Present value at end of period	<u>29.5</u>

##### *Fair value of scheme assets*

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

	29 January 2022 £ m
Fair value at start of period	39.4
Interest income	0.6
Return on plan assets, excluding amounts included in interest income	0.7
Benefits paid	<u>(1.0)</u>
Fair value at end of period	<u>39.7</u>

**Harrods Holdings Limited**  
**Notes to the Financial Statements**  
**for the period ended 29 January 2022 (continued)**

**Notes to the Financial Statements (continued)**

**10 Pension and other schemes (continued)**

*Analysis of assets*

The major categories of scheme assets are as follows:

	29 January 2022	30 January 2021
	£ m	£ m
Cash and cash equivalents	2.6	2.7
Debt instruments	29.1	29.1
Other assets	8.0	7.6
	<u>39.7</u>	<u>39.4</u>

The total assets include assets amounting to 11% (2021: 25%) classified as level 3 financial assets, which are not quoted on an active market, are considered to be the least liquid and hardest to value, and are therefore subject to a higher degree of estimation.

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

*Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2022 %	2021 %
Discount rate	2.1	1.5
Inflation - RPI	3.5	3.0
Inflation - CPI	2.9	2.3
Nominal rate of increase in pensions in payment - RPI 2.5%	2.3	2.1
Nominal rate of increase in pensions in payment - RPI 5%	<u>3.4</u>	<u>2.9</u>

*Post retirement mortality assumptions*

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	26.3	27.6
Current UK pensioners at retirement age - female	29.0	29.3
Future UK pensioners at retirement age - male	27.8	29.4
Future UK pensioners at retirement age - female	<u>30.5</u>	<u>31.2</u>

**Harrods Holdings Limited**  
**Notes to the Financial Statements**  
**for the period ended 29 January 2022 (continued)**

**Notes to the Financial Statements (continued)**

**11 Share capital**

**Allotted, called up and fully paid shares**

	<b>29 January 2022</b>		<b>30 January 2021</b>	
	<b>No. m</b>	<b>£ m</b>	<b>No. m</b>	<b>£ m</b>
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
			<b>29 January 2022</b>	<b>30 January 2021</b>
			<b>£ m</b>	<b>£ m</b>
Share premium			<u>198.4</u>	<u>198.4</u>
			<u>198.4</u>	<u>198.4</u>

**12 Commitments**

**Capital commitments**

At 29 January 2022 the company had no capital commitments (2021: £nil).

**13 Contingent liabilities**

Harrods Holdings Limited and other group entities are guarantors of the Harrods Group cash netting facility.

There were no other contingent liabilities at 29 January 2022 or 30 January 2021.

**14 Related party transactions**

The company has taken advantage of the exemption in FRS102, section 33 "Related Party Disclosures" from disclosing transactions with other members of the group.

**Harrods Holdings Limited**  
**Notes to the Financial Statements**  
**for the period ended 29 January 2022 (continued)**

**Notes to the Financial Statements (continued)**

**15 Parent and ultimate parent undertaking**

The company's immediate parent undertakings are QH Participations Limited (72.42%) and QH Partners Limited (27.57%), companies incorporated in the United Kingdom. The ultimate UK parent undertaking of QH Participations Limited and QH Partners is Harrods Group (Holding) Limited. The largest and smallest UK group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited, which can be obtained from the Registrar of Companies.

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