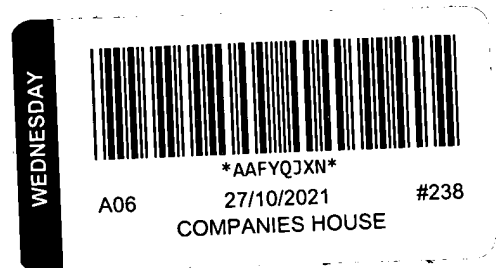


Registration number: 1848143

Harrods Holdings Limited

Annual Report and Financial Statements

for the period ended 30 January 2021



Harrods Holdings Limited

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Harrods Holdings Limited

Strategic Report for the Period ended 30 January 2021

The directors present their Strategic Report and the Financial Statements for the 52 week period ended 30 January 2021 (2020: 52 weeks).

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 now 29 October 2023.

The balances outstanding at the end of the year were £620m for the term loan (2020: £620m) and £nil on the revolving credit facility (2020: £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 has been a significant challenge for the Harrods group. The impact of the crisis, and subsequent closure of the Harrods store, has reached the groups' employees, customers, supply chain and store, together with the local and wider community.

Management do not expect there to be significant long-term consequences on the business as a result of the pandemic.

Brexit

There are no Brexit implications for the company.

Approved by the Board on 22 October 2021 and signed on its behalf by:



.....
D J Webster

Company secretary and director

Harrods Holdings Limited
Directors' Report
for the period ended 30 January 2021

The directors present their Annual Report and the Financial Statements for the 52 week period ended 30 January 2021 (2020: 52 weeks).

Results and dividends

The loss for the period, after taxation, amounted to (£18.1)m (2020: profit £139.9m). The loss for the period is due to no dividend income in the period as a result of Covid-19. The company paid a dividend of £nil (2020: £125m).

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. The impact of the crisis, and subsequent closure of the Harrods store, has reached the groups' employees, customers, supply chain and store, together with the local and wider community.

Harrods Holdings Limited 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 holds sufficient liquidity to meet its obligations as they fall due over the 12 months from the date of signing the accounts, through access to the revolving credit facility and other group resources.

The Company is reliant on the continued financial support of other group companies. The Directors of the Company's parent company in the UK, Harrods Group (Holdings) Limited, have confirmed that, if required, future liabilities of the Company will be met as they fall due by Harrods Group (Holdings) Limited through a letter of support.

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

KPIs

There are no other KPIs required to be reported other than 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 (2020: £nil).

Post balance sheet events

Apart from the extension to the finance agreement mentioned in the business review, there are no other events affecting the company since the year end.

Harrods Holdings Limited

Directors' Report for the period ended 30 January 2021 (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

During the period, the Company changed auditors from Ernst & Young LLP, to KPMG LLP, to align with the auditors of the parent company. The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 22 October 2021 and signed on its behalf by:



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

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 the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 year ended 30 January 2021 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 30 January 2021 and of its loss for the year 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 meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.
- 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'.
 - Journal entries associated with related parties, specifically directors
 - Journal entries posted by specific users

Identifying and responding to risks of material misstatement due to non-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 a 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:

- a adequate accounting records have not been kept, or returns a adequate for our a audit have not been received from branches not visited by us; or
- the financial statements are not in a greement with the a 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.



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: 25 October 2021

Harrods Holdings Limited

Profit and Loss Account for the period ended 30 January 2021

		52 weeks ended 30 January 2021 £ m	52 weeks ended 02 February 2020 £ m
Administrative expenses		<u>(0.4)</u>	<u>(0.2)</u>
Operating loss	3	(0.4)	(0.2)
Income from shares in group undertakings	4	-	155.0
Interest payable and similar charges	5	<u>(17.8)</u>	<u>(18.4)</u>
(Loss)/profit before tax		(18.2)	136.4
Taxation	7	<u>0.1</u>	<u>3.5</u>
(Loss)/profit for the financial period		<u>(18.1)</u>	<u>139.9</u>

The above results were derived from continuing operations.

Harrods Holdings Limited

Statement of Comprehensive Income for the period ended 30 January 2021

		52 weeks ended 30 January 2021 £ m	52 weeks ended 02 February 2020 £ m
	Note		
(Loss)/profit for the period		(18.1)	139.9
Actuarial (losses)/gains on defined benefit pension schemes	11	(0.8)	0.3
Movement on deferred tax relating to defined benefit pension asset	11	-	(0.1)
Hedging reserve movement in the period	10	2.1	(2.5)
Other comprehensive income for the period		<u>1.3</u>	<u>(2.3)</u>
Total comprehensive (loss)/income for the period		<u>(16.8)</u>	<u>137.6</u>

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

Harrods Holdings Limited

(Registration number: 1848143)

Balance Sheet

as at 30 January 2021

	Note	30 January 2021 £ m	1 February 2020 £ m
Fixed assets			
Investments	8	1,299.5	1,299.5
Current assets			
Debtors: amounts falling due within one year	9	9.8	13.1
Cash at bank and in hand		2.7	3.7
		12.5	16.8
Creditors: Amounts falling due within one year	10	(228.6)	(216.0)
Net current liabilities		(216.1)	(199.2)
Total assets less current liabilities		1,083.4	1,100.3
Creditors: Amounts falling due after more than one year	10	(629.6)	(630.5)
Provisions for liabilities	7	(1.3)	(1.3)
Net assets excluding pension asset/(liability)		452.5	468.5
Pension asset	11	7.0	7.8
Net assets		459.5	476.3
Capital and reserves			
Called up share capital	12	50.0	50.0
Share premium reserve	12	198.4	198.4
Merger reserve		217.8	217.8
Hedging reserve	10	(11.1)	(13.2)
Profit and loss account		4.4	23.3
Total equity		459.5	476.3

Approved and authorised by the Board on 22 October 2021 and signed on its behalf by:

M A Ward
Director

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 30 January 2021**

	Share capital £ m	Share premium £ m	Non-distributable reserve £ m	Hedging reserve £ m	Profit and loss account £ m	Total £ m
At 3 February 2019	50.0	198.4	217.8	(10.7)	8.2	463.7
Profit for the period	-	-	-	-	139.9	139.9
Actuarial gain on defined benefit pension schemes (net of deferred tax)	-	-	-	-	0.2	0.2
Hedging reserve movement in the period	-	-	-	(2.5)	-	(2.5)
Total comprehensive income	-	-	-	(2.5)	140.1	137.6
Dividends	-	-	-	-	(125.0)	(125.0)
At 1 February 2020	<u>50.0</u>	<u>198.4</u>	<u>217.8</u>	<u>(13.2)</u>	<u>23.3</u>	<u>476.3</u>

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

**Statement of Changes in Equity
for the period ended 30 January 2021 (continued)**

	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)
Other comprehensive income	-	-	-	2.1	(0.8)	1.3
Total comprehensive income	-	-	-	2.1	(18.9)	(16.8)
At 30 January 2021	<u>50.0</u>	<u>198.4</u>	<u>217.8</u>	<u>(11.1)</u>	<u>4.4</u>	<u>459.5</u>

The notes on pages 14 to 28 form an integral part of these financial statements.
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Harrods Holdings Limited
Notes to the Financial Statements
for the period ended 30 January 2021

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 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 30 January 2021 and these Financial Statements may be obtained from the Registrar of Companies.

Harrods Holdings Limited
Notes to the Financial Statements
for the period ended 30 January 2021 (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"). The impact of the crisis, and subsequent temporary closure of the Harrods store, has reached the groups' employees, customers, supply chain and store, together with the local and wider community.

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 holds sufficient liquidity to meet its obligations as they fall due over the 12 months from the date of approval of the accounts, through access to the revolving credit facility and other group resources. 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 30 January 2021 (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.

Dividends

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 30 January 2021 (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 £21,000 (2020: £14,161).

Non-audit fees for the period of £15,699 (2020: £10,621).

4 Income from Shares in Group Undertakings

	52 weeks ended 30 January 2021 £ m	52 weeks ended 02 February 2020 £ m
Dividend receivable from group undertakings	-	155.0

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

5 Interest payable and similar expenses

	52 weeks ended 30 January 2021 £ m	52 weeks ended 02 February 2020 £ m
Other loan interest payable	15.8	16.2
Other finance costs	1.0	1.0
Interest payable on loans from group undertakings	1.0	1.2
	<u>17.8</u>	<u>18.4</u>

6 Directors and employees

The company has 2 directors employed by the company (2020: 2).

The company did not employ any persons or incur any staff costs during the period (2020: £nil).

Aggregate remuneration in respect of qualifying services during the period was £1.2m (2020: £1.9m).

The highest paid director received remuneration of £1.0m (2020: £1.7m).

Included in emoluments for the period ended 30 January 2021 are pension contributions of £16k (2020: £15k).

The value of emoluments incurred directly by the company was £nil (2020: £nil). Emoluments incurred by the group's subsidiary undertakings was £1.2m (2020: £1.9m).

There are 0 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2020: 0) and 1 director to whom retirement benefits are accruing under a defined contribution scheme (2020: 1).

7 Taxation

Tax charged/(credited) in the income statement

	52 weeks ended 030 January 2021 £ m	52 weeks ended 02 February 2020 £ m
Current taxation		
Group relief receivable	<u>(0.2)</u>	<u>(3.6)</u>
Total current tax	<u>(0.2)</u>	<u>(3.6)</u>

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

7 Taxation (continued)

	52 weeks ended 030 January 2021 £ m	52 weeks ended 02 February 2020 £ m
Deferred taxation		
Arising from origination and reversal of timing differences	-	0.1
Arising from changes in tax rates and laws	0.1	-
Total deferred taxation	0.1	0.1
Tax credit in the income statement	(0.1)	(3.5)

Tax relating to items recognised in other comprehensive income or equity

	52 weeks ended 030 January 2021 £ m	52 weeks ended 02 February 2020 £ m
Deferred tax related to items recognised as items of other comprehensive income	(0.1)	0.1

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	52 weeks ended 030 January 2021 £ m	52 weeks ended 02 February 2020 £ m
(Loss)/profit before tax	(18.2)	136.4
Corporation tax at standard rate	(3.5)	25.9
Effects of:		
Tax rate changes	0.1	-
Dividends from UK companies	-	(29.4)
Other tax effects for reconciliation between accounting profit and tax expense (income)	3.3	-
Total tax credit	(0.1)	(3.5)

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

7 Taxation (continued)

A UK corporation tax rate of 19% (effective 1 April 2020), was substantively enacted on 17th March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. Post year end, in the 2021 Budget, it was announced that from 1 April 2023 the corporation tax rate will rise to 25%. This will have an impact on the Company's deferred tax balances in future periods.

Deferred tax

Deferred tax is provided for at 19% (2020: 17%) in the financial statements set out below:

	30 January 2021 £ m	1 February 2020 £ m
Deferred tax on defined benefit pension scheme	(1.3)	(1.3)
Total deferred tax liability	(1.3)	(1.3)

8 Investments

	30 January 2021 £ m	1 February 2020 £ m
Investments in subsidiaries	1,299.5	1,299.5

Subsidiaries	£ m
Cost	
At 2 February 2020	1,299.5
Carrying amount	
At 30 January 2021	1,299.5
At 1 February 2020	1,299.5

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

8 Investments (continued)

Details of undertakings

Undertaking	Registered office	Class of shares	Holding	Principal activity
Subsidiary undertakings				
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 (formerly Wylie and Company 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

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.

*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.

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

9 Debtors

	30 January 2021 £ m	1 February 2020 £ m
Debtors: due within one year		
Amounts owed by group undertakings	9.5	9.5
Other debtors	0.3	3.6
	<u>9.8</u>	<u>13.1</u>

In prior years, the company granted a non-interest bearing loan of £10.2m to QH Enterprises Limited. As at 30 January 2021, the balance outstanding was £9.5m (2020: £9.5m). The loan is repayable on demand.

10 Creditors

	30 January 2021 £ m	1 February 2020 £ m
Amounts falling due within one year		
Amounts owed to group undertakings	228.3	216.0
Accrued expenses	0.3	-
	<u>228.6</u>	<u>216.0</u>
Amounts falling due after one year		
Bank loans	618.5	617.3
Interest rate swaps	11.1	13.2
	<u>629.6</u>	<u>630.5</u>

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

10 Creditors (continued)

Loans and borrowings due after more than one year represent a term loan of £620m which was due to be repayable in April 2022. The balances outstanding at the end of the year were £620m for the term loan (2020: £620m) and £nil on the revolving credit facility (2020: £nil).

As at 30 January 2021, the change in fair value of the interest rate swaps for the period (+£2.1m) (2020: £-2.5m) has been fully recognised in other comprehensive income. The total liability at 30 January 2021 is £11.1m (2020: £13.2m).

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.

Loans

Analysis of the maturity of loans is given below:

	30 January 2021 £ m	1 February 2020 £ m
Amounts falling due after more than one year		
Bank loans	618.5	617.3
	<u>618.5</u>	<u>617.3</u>

Loans are presented net of finance costs; Finance costs at 30 January 2021 are £1.5m (2020: £2.7m).

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

11 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 2018 on a technical provision basis was carried out by the Scheme Actuary, with a surplus of £11m being calculated on that basis, a funding level of 102%. At the previous valuation at 5 April 2015, there was a deficit of £45m equating to a funding level of 93%.

Following the results of the April 2018 valuation, given that the scheme was now in surplus, the Group and the Pension Trustee agreed the following:

- Annual contributions reduced to nil.
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.
- To bring forward the implementation of the Cashflow Driven Investment strategy involving de-risking the plan's assets.
- Recognising the risks that - albeit reduced - remain in the valuation of the plan, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

In aggregate, during the period ended 30 January 2021, the participating employers made total contributions to the plan of £33k (2020: £1.6m).

The next triennial valuation scheduled for April 2021 has already commenced and while the workings are still being finalised, the initial draft result indicates a further improvement in the surplus.

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

11 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:

	30 January 2021 £ m	1 February 2020 £ m
Fair value of scheme assets	39.4	38.9
Present value of defined benefit obligation	(32.4)	(31.1)
Defined benefit pension scheme surplus	<u>7.0</u>	<u>7.8</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	30 January 2021 £ m
Present value at start of period	31.1
Interest cost	0.5
Actuarial gains and losses	2.1
Benefits paid	(0.9)
Effect of experience adjustments	(0.4)
Present value at end of period	<u>32.4</u>

The impact of GMP Equalisation costs have been included above but for the year ended 30 January 2021 have been negligible. The impact of the RPI/CPI wedge included in the Actuarial gains and losses disclosed above is estimated at £0.4m.

Fair value of scheme assets

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

	30 January 2021 £ m
Fair value at start of period	38.9
Interest income	0.6
Return on plan assets, excluding amounts included in interest income	0.9
Administration expenses	(0.1)
Benefits paid	(0.9)
Fair value at end of period	<u>39.4</u>

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

11 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	30 January 2021 £ m	1 February 2020 £ m
Cash and cash equivalents	2.7	2.9
Debt instruments	29.1	28.3
Other assets	7.6	7.7
	<u>39.4</u>	<u>38.9</u>

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

Principal actuarial assumptions

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

	2021 %	2020 %
Discount rate	1.5	1.7
Future pension increases	2.3	2.0
Inflation	<u>3.0</u>	<u>2.9</u>

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	27.6	27.4
Current UK pensioners at retirement age - female	29.3	29.1
Future UK pensioners at retirement age - male	29.4	29.3
Future UK pensioners at retirement age - female	<u>31.2</u>	<u>31.0</u>

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

12 Share capital

Allotted, called up and fully paid shares

	30 January 2021		1 February 2020	
	No. m	£ m	No. m	£ m
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
			30 January 2021	1 February 2020
			£ m	£ m
Share premium			<u>198.4</u>	<u>198.4</u>
			<u>198.4</u>	<u>198.4</u>

13 Dividends

	30 January 2021 £ m	1 February 2020 £ m
Declared dividend of £Nil (2020 - £2.50) per ordinary share	<u>-</u>	<u>125.0</u>

14 Commitments

Capital commitments

At 30 January 2021 the company had no capital commitments (2020: £nil).

15 Contingent liabilities

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

There were no other contingent liabilities at 30 January 2021 or 1 February 2020.

Harrods Holdings Limited

Notes to the Financial Statements for the period ended 30 January 2021 (continued)

Notes to the Financial Statements (continued)

16 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.

17 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.