

**HARRODS (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**53 WEEKS ENDED 2 FEBRUARY 2002**



**Registered Number: 1889348**

# HARRODS (UK) LIMITED

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# **HARRODS (UK) LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of Harrods (UK) Limited ("the Company") for the 53 weeks ended 2 February 2002.

### **Principal Activity**

The principal activity of the Company is the provision of management services to subsidiaries. It also holds fixed asset properties and investments. The principal subsidiaries of the Company are retail businesses.

### **Directors and their Interests**

The present Directors of the Company are:

M Al Fayed  
A Fayed (Chairman)  
W C Najdecki  
A Tanna  
J Byrne  
M S Wikstrom (appointed 01.04.01)  
M Kessel (appointed 01.02.02)  
D R Parker (appointed 13.05.02)

The other Director who served during the year was:

J J Whitacre (appointed 01.04.01, resigned 12.11.01)

M Al Fayed and A Fayed are beneficially interested in the shares of Harrods Holdings Limited, the ultimate parent company in the United Kingdom, as described in Note 19. No other Director in office at 2 February 2002 held any beneficial interest in the shares of Harrods Holdings Limited or of any of its subsidiaries at 28 January 2001, at date of appointment or at 2 February 2002.

Except as stated in Note 19, no Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business of the Company.

### **Results and Dividends**

The profit after taxation for the 53 weeks to 2 February 2002 was £38.7 million (2001 Restated: £14.4 million).

The Directors have paid a dividend of £82.0 million (2001: £68.6 million) in respect of the year.

### **Review of the Business**

On the 6 September 2001, the Company disposed of one of its freehold properties for £52.5 million, and the Company sold two further properties during the year for £0.5 million. In addition, the Company received further consideration in respect of the former Harrods Village development.

### **Pension Plan**

The Harrods Group Pension Plan has two member trustees amongst its trustee board. It also has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan. Further details of the Plan are set out in Note 8 to the financial statements.

**HARRODS (UK) LIMITED**  
**DIRECTORS' REPORT (Continued)**

**Auditors**

Grant Thornton were appointed auditors on 23 January 2002 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

**Statement of Directors' Responsibilities**

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

The Directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 2 February 2002 and that applicable accounting standards have been followed.

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

By Order of the Board



S Jerman  
Secretary  
28 June 2002

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

## **HARRODS (UK) LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARRODS (UK) LIMITED**

We have audited the financial statements of Harrods (UK) Limited for the period ended 2 February 2002 which comprise the profit and loss account, the note on historical cost profits and losses, the reconciliation of movement in shareholders' funds, the balance sheet, the principal accounting policies and notes 1 to 20 on pages 7 to 16. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the Directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

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

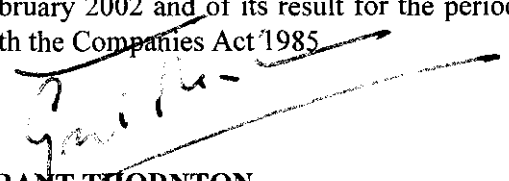
#### **Basis of opinion**

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

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

#### **Opinion**

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



**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**  
**London**  
**28 June 2002**

**HARRODS (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**53 WEEKS ENDED 2 FEBRUARY 2002**

Note	53 weeks 2/2/02 £m	Restated 52 weeks 27/1/01 £m
<b>2 Turnover</b>	0.5	0.4
Cost of sales	<u>(0.5)</u>	<u>(0.4)</u>
<b>Gross Profit</b>	-	-
Administrative expenses	<u>(2.8)</u>	<u>(12.6)</u>
<b>3 Operating Loss</b>	(2.8)	(12.6)
4 Profit on sale of fixed assets	7.7	8.5
5 Other income	<u>28.7</u>	<u>7.5</u>
<b>Profit before Interest and Taxation</b>	33.6	3.4
6 Interest	<u>7.3</u>	<u>15.6</u>
<b>Profit on Ordinary Activities before Taxation</b>	40.9	19.0
7 Taxation on profit on ordinary activities	<u>(2.2)</u>	<u>(4.6)</u>
<b>Profit on Ordinary Activities after Taxation</b>	38.7	14.4
Dividends on equity shares	<u>(82.0)</u>	<u>(68.6)</u>
<b>Retained Deficit and Amount Transferred from Reserves</b>	<u>(43.3)</u>	<u>(54.2)</u>

All profits in the period arose from continuing operations.

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

A statement of movements on reserves is shown in Note 15.

The Notes on pages 7 to 16 form part of these accounts.

# HARRODS (UK) LIMITED

53 WEEKS ENDED 2 FEBRUARY 2002

	53 weeks 2/2/02 £m	Restated 52 weeks 27/1/01 £m
<b>NOTE OF HISTORICAL COST PROFITS AND LOSSES</b>		
Reported profit on ordinary activities before taxation	40.9	19.0
Realisation of property revaluation gains of previous years	11.1	1.3
Difference between depreciation on historical cost and revalued basis	-	0.1
Historical cost profit for the year before taxation	52.0	20.4
Historical cost (loss) for the year retained after taxation and dividends	(32.2)	(52.8)

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Total recognised gains	38.7	14.2
Prior year deferred tax adjustment	-	0.2
Total recognised gains restated	38.7	14.4
Dividends	(82.0)	(68.6)
Net (reduction) to shareholders' funds	(43.3)	(54.2)
Opening shareholders' funds	858.9	913.1
Closing shareholders' funds	815.6	858.9

The Notes on pages 7 to 16 form part of these accounts.


# HARRODS (UK) LIMITED

## BALANCE SHEET AT 2 FEBRUARY 2002

Note		2/2/02 £m	27/1/01 £m
	<b>Fixed Assets</b>		
9	Tangible assets	3.3	41.1
10	Investments	762.4	762.4
		<u>765.7</u>	<u>803.5</u>
	<b>Current Assets</b>		
11	Debtors	196.5	220.0
	<b>Creditors</b>		
12	Amounts falling due within one year	(146.6)	(164.6)
	<b>Net Current Assets</b>	<u>49.9</u>	<u>55.4</u>
	<b>Total Assets less Current Liabilities</b>	<u>815.6</u>	<u>858.9</u>
	<b>Capital and Reserves</b>		
13	Called up share capital	6.1	6.1
14	Share premium account	218.0	218.0
15	Merger reserve	576.0	576.0
15	Revaluation reserve	0.3	11.4
15	Profit and loss account	15.2	47.4
	<b>Total shareholders' funds (inc. non-equity interests of £2)</b>	<u>815.6</u>	<u>858.9</u>

The Notes on pages 7 to 16 form part of these accounts.

Approved by the Board on 28 June 2002

  
W C NAJDECKI  
Director

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

#### **Basis of Preparation of Financial Statements**

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

Harrods (UK) Limited is a wholly owned subsidiary of Harrods Holdings Limited which produces Group accounts in accordance with the Companies Act 1985. Consequently the Company has taken advantage of the exemption permitted by Section 228 of the Act from producing Group accounts.

Harrods Holdings Limited produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (FRS 1). Consequently the Company has also taken advantage of the exemption in FRS 1 from producing a cash flow statement.

The Company has adopted FRS 18 "Accounting Policies" in respect of these accounts. This has not resulted in any changes to the Company's accounting policies, which have been reviewed in light of FRS 18.

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

#### **Tangible Fixed Assets**

Freehold and long leasehold properties are stated at cost or professional or Directors' valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. On adoption of FRS 15, the Company and the Group has followed the transitional provision to cease its previous policy of revaluing properties, instead retaining them at their current book values. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

Depreciation is provided by the Company in order to write down to estimated residual value, if any, the cost or valuation of tangible fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Land	Not depreciated
Freehold and Long leasehold properties	20-35 years
Fixtures and fittings and equipment	5-10 years
Vehicles	4 years

#### **Fixed Asset Investments**

The Company accounts for its fixed asset investments at cost less any provision required for permanent diminution in value.

#### **Leased Assets**

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

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 1 Accounting Policies (Continued)

#### 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 on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. 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.

#### Pensions

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

Actuarial valuations are normally performed every three years and actuarial surpluses and deficits are amortised over the expected remaining service lives of current scheme employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

#### Foreign Currency

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

	53 weeks 2/2/02 £m	52 weeks 27/1/01 £m
<b>2 Turnover</b>		
Represents the charge for management services provided to subsidiaries	<u>0.5</u>	<u>0.4</u>
<b>3 Operating Loss</b>	<b>£000</b>	<b>£000</b>
The operating loss is stated after charging:		
Depreciation on tangible fixed assets	199	398
Amounts paid under operating leases – property	224	284
Auditors remuneration:		
Audit fees and expenses	8	7
Non-audit services	-	37
Exceptional items		
Provision against amounts owed by group undertakings	<u>2,477</u>	<u>11,770</u>

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

	53 weeks 2/2/02 £m	52 weeks 27/1/01 £m
<b>4 Profit on Sale of Fixed Assets</b>		
Profit on sale of property	<u>7.7</u>	<u>8.5</u>
<b>5 Other Income</b>		
Investment income:		
Dividends receivable from group undertakings	28.5	7.0
Non-Trading Rental income	<u>0.2</u>	<u>0.5</u>
	<u>28.7</u>	<u>7.5</u>
<b>6 Interest</b>		
Payable:		
Group undertakings	(8.8)	(1.8)
External	(0.6)	-
	<u>(9.4)</u>	<u>(1.8)</u>
Receivable:		
Group undertakings	16.2	17.4
Other	<u>0.5</u>	<u>-</u>
	<u>16.7</u>	<u>17.4</u>
Net Interest Receivable	<u>7.3</u>	<u>15.6</u>
<b>7 Taxation</b>		<b>Restated</b>
<b>Current tax</b>		
Group relief	2.0	4.8
Corporation Tax	<u>0.2</u>	<u>-</u>
Total current tax	<u>2.2</u>	<u>4.8</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(0.2)
Total deferred tax	<u>-</u>	<u>(0.2)</u>
Total tax charge for the year	<u>2.2</u>	<u>4.6</u>

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

7	Taxation (continued)	53 weeks	52 weeks
		2/2/02	27/1/01
		£m	£m
	<b>Factors affecting the tax charge for the year</b>		
	Tax assessed for the period is lower than the standard rate of corporation tax in the UK 30% (2001: 30%)		
	Profit on ordinary activities before tax for the year	40.9	19.0
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001:30%)	12.3	5.7
	<b>Effects of</b>		
	Expenses not deductible for tax purposes	-	0.1
	Capital allowances less than depreciation	0.1	0.1
	Income and expenses assessed/relieved on a cash basis	(10.2)	(1.1)
	Current tax charge for period	2.2	4.8
8	<b>Information regarding Directors and Employees</b>		
		£000	£000
	Emoluments excluding pension contributions	1,837	1,213
	Compensation for loss of office	387	107
		2,224	1,320
	Emoluments	520	773
	Compensation for loss of office	387	-
	Emoluments of highest paid Director	907	773
	Accrued pension of highest paid Director	-	3
	There are 4 Directors to whom retirement benefits are accruing under a defined benefit pension scheme (2001: 3).		
	<b>Staff Costs:</b>		
	Wages and salaries	495	531
	Social security costs	46	51
	Pension costs	110	65
		651	647
	<b>Average weekly number of employees during the year:</b>	<b>Number</b>	<b>Number</b>
	United Kingdom	11	11

## HARRODS (UK) LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 8 Information regarding Directors and Employees (Continued)

##### Pensions

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

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

Investment return	7.5 per cent per annum compound
Pension increases	3.25 per cent per annum compound
General increase in pensionable earnings	5.0 per cent per annum compound
Dividend growth of asset valuation purposes	2.73 per cent per annum

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

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

The Company's net pension charge for the 53 weeks to 2 February 2002 was £0.1 million (2001: £0.1 million).

The pension (accrual)/prepayment is as follows:

	2/2/02 £000	27/1/01 £000
Opening balance	45	81
Contributions paid	38	29
Charge to profit and loss account	(110)	(65)
Closing balance	<u>(27)</u>	<u>45</u>

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

#### SSAP 24 and Financial Reporting Standard 17

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of Financial Reporting Standard No 17 'Retirement Benefits') additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by FRS No 17 are contained within the financial statements of Harrods Holdings Limited

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 9 Fixed Assets - Tangible Assets

	Total £m	Freehold £m	Long Leasehold £m	Fixtures Fittings Vehicles & Equipment £m
<b>Cost and Valuation</b>				
At 27 January 2001	41.5	40.5	0.8	0.2
Additions	2.5	0.2	2.3	-
Disposals	(40.6)	(40.1)	(0.5)	-
<b>At 2 February 2002</b>	<b>3.4</b>	<b>0.6</b>	<b>2.6</b>	<b>0.2</b>
<b>Accumulated Depreciation</b>				
At 27 January 2001	(0.4)	(0.3)	-	(0.1)
Charge for year	(0.2)	(0.2)	-	-
Disposals	0.5	0.5	-	-
<b>At 2 February 2002</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>
<b>Net Book Value</b>				
At 2 February 2002	3.3	0.6	2.6	0.1
At 27 January 2001	41.1	40.2	0.8	0.1
<b>Cost and Valuation</b>				
Valuation	0.7	0.4	0.3	-
Cost	2.7	0.2	2.3	0.2
	<b>3.4</b>	<b>0.6</b>	<b>2.6</b>	<b>0.2</b>
<b>Historical cost</b>				
At 27 January 2001	30.1	29.4	0.5	0.2
Depreciation on historical cost	(0.3)	(0.2)	-	(0.1)
Net historical cost at 27 January 2001	29.8	29.2	0.5	0.1
At 2 February 2002	0.8	0.5	0.2	0.1
Depreciation on historical cost	(0.1)	-	-	(0.1)
Net historical cost at 2 February 2002	0.7	0.5	0.2	-

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 9 Fixed Assets - Tangible Assets (continued)

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

Freehold and long leasehold properties were revalued by the Directors as at 31 December 1999 on an Existing Use Basis after taking into account a report prepared by independent property advisers.

Included in the cost element of freehold land and buildings are costs incurred on unfinished projects at the year end amounting to £0.2 million (2001: £1.9 million).

### 10 Fixed Assets – Investments

	Total £m	Shares in Group Undertakings £m
<b>Cost:</b>		
At 2 February 2002 and at 27 January 2001	762.4	762.4
<b>Net Book Value:</b>		
At 2 February 2002 and at 27 January 2001	762.4	762.4

### 11 Debtors

#### Amounts due within one year:

Amounts owed by group undertakings	192.1	219.8
Other debtors	4.3	0.1
Prepayments and accrued income	0.1	0.1
	196.5	220.0

### 12 Creditors

#### Amounts falling due within one year:

Bank overdrafts	20.5	82.7
Amounts owed to group undertakings	125.6	78.9
Other creditors	0.3	0.1
Accruals and deferred income	0.2	2.9
	146.6	164.6

#### Bank Loans and Overdrafts:

Repayable within one year or on demand	20.5	82.7
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# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

	2/2/02 £	27/1/01 £
<b>13 Called up Share Capital</b>		
Authorised:		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
1 "A" special rights redeemable preference share of £1	1	1
1 "B" special rights redeemable preference share of £1	1	1
	<u>10,000,002</u>	<u>10,000,002</u>
Allotted and fully paid:		
6,098,118 ordinary shares of £1 each	6,098,118	6,098,118
1 "A" special rights redeemable preference share of £1	1	1
1 "B" special rights redeemable preference share of £1	1	1
	<u>6,098,120</u>	<u>6,098,120</u>

Included within total shareholders' funds of £815.6 million is an amount in respect of non-equity interests of £2. All other amounts are attributable to the equity shareholders.

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

## 14 Share Premium Account

The Company has elected to adopt S132 of the Companies Act 1985, which limits the premium arising on the issue of shares in group reorganisations to a "minimum premium value". Under this section, the excess over the minimum premium value may be credited to a merger reserve.

15 Reserves	Merger Reserve £m	Revaluation Reserve £m	Profit and Loss Account £m
Balance at 27 January 2001	576.0	11.4	47.4
Loss for the year	-	-	(43.3)
Realised surplus transferred on sale of fixed assets	-	(11.1)	11.1
Balance at 2 February 2002	<u>576.0</u>	<u>0.3</u>	<u>15.2</u>

# HARRODS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 16 Commitments

Commitments during the year commencing 3 February 2002 in respect of operating leases of land and buildings are:

	2/2/02 £m	27/1/01 £m
Leases expiring: Over five years	<u>0.2</u>	<u>0.3</u>

Capital commitments as at 2 February 2002 totalled £0.7m (£nil), in respect of a Long Leasehold property.

### 17 Contingent Liabilities

The Harrods Holdings Group's loan facility from Royal Bank of Scotland Plc, is guaranteed by Harrods (UK) Limited and other Group companies.

The Company did not participate in derivative financial instruments during the year (2001: none).

### 18 Parent Undertakings

The immediate parent undertaking of Harrods (UK) Limited is Harrods Holdings Limited, which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and the largest Group which consolidates the results of the Company. The Group accounts will be filed with the Registrar of Companies in due course.

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

### 19 Related Party Transactions

During the year the Company traded with a number of companies, which are under the control of one or more of the Company's ultimate shareholders. These companies comprise Turnbull & Asser Limited, Fulham Football Leisure Limited, Fulham Football Club (1987) Limited, Fulham Stadium Limited, FL Property Management Limited, Harrods Natural Resources Inc, Liberty Holdings Limited (and Subsidiaries), Harrods Online Limited, Balnagown Castle Properties Limited, The Ritz Hotel Ltd, West Heath 2000 Limited, Bocardo Societe Anonyme, Metro Natural Resources Limited and The Map Factory Inc. The transactions with these companies are not material except as described below:

During the year, the Company recharged payroll and made charges for rent, rates and service charges to Liberty Publishing and Media Limited, amounting to £0.7 million (2001: £0.2 million).

During the year, the Company recharged payroll and made charges for professional fees to Fulham Football Club (1987) Limited, amounting to £20.4 million (2001: £0.6 million).

During the year, the Company recharged payroll and made charges for professional fees to Harrods Online Limited, amounting to £0.9 million (2001: £0.1 million).

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

All balances owing from related parties as at 2 February 2002 were £nil (2001: £nil).

## HARRODS (UK) LIMITED

### NOTES TO THE ACCOUNTS (Continued)

#### 19 Related Party Transactions (continued)

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

#### 20 Principal Subsidiary Undertakings

The principal subsidiary undertakings operating at 2 February 2002 are:

The following trading companies are registered in

England and Wales and operate in the United Kingdom:

#### Principal Activity

Harrods Limited*	Department store
Harrods International Limited	Tax free retailer and wholesaler
Harrods (Continental) Limited	Exporter
Harrods Estates Limited	Estate agents
Harrods Property Holdings Limited	Holding Company
Harrods Property Limited	Property Management
Kurt Geiger Limited*	Footwear retailers
Genavco Insurance Limited	Insurance brokers
Metro Business Aviation Limited	Executive jet handling company
Air Harrods Limited	Helicopter Operator

\*The whole of the issued share capital in these companies is owned directly by Harrods (UK) Limited. The whole of the share capital in the other companies is held by intermediate holding companies.

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

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