

AIR HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the period ended
2 February 2013

Company no 3165147



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AIR HARRODS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the period ended 2 February 2013

Principal activity

The company provides a premium executive helicopter charter service

Business review, financial overview and key performance indicators

There was a loss for the year after taxation amounting to £2.3 million (2012: £2.3 million), there was no movement in the onerous lease as described in note 4. Air Harrods Limited is restructuring the business at present. The directors expect this review to be completed in the near future.

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

Going concern

After making enquiries, the directors 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.

Directors

The present membership of the Board is set out below:

P. D. Norton

A. M. Al-Sayed

H. Al-Abdulla

K. Al-Kuwari

K. Maamra

Policy and practice on payment of creditors

It is the company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. Trade creditors at the period end amounted to 7 days (21 days) of average supplied for the period.

Credit risk

The company's principal credit risk relates to the recovery of trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Interest rate risk

Exposure to interest rate risk is limited through the use of fixed interest rates on inter-company loans.

AIR HARRODS LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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). 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AIR HARRODS LIMITED

REPORT OF THE DIRECTORS

Auditors

Ernst & Young LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act

BY ORDER OF THE BOARD

Approved by the Board on 16.7.13 and signed on its behalf by



P D Norton
Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AIR HARRODS LIMITED

We have audited the financial statements of Air Harrods Limited for the period from 29 January 2012 to 2 February 2013 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Principal Accounting Policies on pages 9-10 and the related notes 2 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 February 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements.


**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
AIR HARRODS LIMITED**

continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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


Julie Carlyle
Senior Statutory Auditor
for and on behalf of Ernst & Young LLP
Statutory Auditor, Chartered Accountants

London

Date *26 July 2013*

AIR HARRODS LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 2 February 2013

		53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Turnover	Note 2	3,430	3,228
Cost of sales		<u>(5,125)</u>	<u>(5,462)</u>
Gross loss		(1,695)	(2,234)
Other operating income	3	-	1
Other administration charges		<u>(617)</u>	<u>(331)</u>
Operating loss		(2,312)	(2,564)
Interest payable and similar charges	5	<u>(824)</u>	<u>(611)</u>
Loss on ordinary activities before taxation	4	(3,136)	(3,175)
Tax on loss on ordinary activities	7	<u>790</u>	<u>863</u>
Loss for the financial period	14	<u><u>(2,346)</u></u>	<u><u>(2,312)</u></u>

All transactions arise from continuing operations

AIR HARRODS LIMITED**BALANCE SHEET AT 2 February 2013**

		2 February 2013 £ 000	28 January 2012 £ 000
	Note		
Fixed assets			
Tangible fixed assets	8	<u>3,103</u>	<u>3,207</u>
Current assets			
Debtors	9	3,927	4,099
Cash at bank and in hand		<u>437</u>	<u>148</u>
		4,364	4,247
Creditors Amounts falling due within one year	10	<u>(955)</u>	<u>(2,247)</u>
Net current assets		<u>3,409</u>	<u>2,000</u>
Total assets less current liabilities		6,512	5,207
Creditors Amounts falling due after more than one year	11	(12,609)	(8,898)
Provisions for liabilities	12	<u>(3,382)</u>	<u>(3,412)</u>
Net liabilities		<u>(9,479)</u>	<u>(7,103)</u>
Capital and reserves			
Called up share capital	13	10,700	10,700
Profit and loss account	14	<u>(20,179)</u>	<u>(17,803)</u>
Shareholders' deficit	15	<u>(9,479)</u>	<u>(7,103)</u>

The financial statements were approved by the Board of Directors on 16.7.13 and signed on its behalf by



P D Norton
Director

Company registration no 3165147

AIR HARRODS LIMITED**Other Primary Statements**

For the period ended 2 February 2013

Statement of Total Recognised Gains and Losses

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Loss for the financial period	(2,346)	(2,312)
Actuarial loss on pension scheme	(39)	(46)
Current tax relief on pension scheme	9	12
Total recognised losses for the period	<u>(2,376)</u>	<u>(2,346)</u>

The accompanying accounting policies and notes on pages 9 to 25 form an integral part of these financial statements

AIR HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 February 2013

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards

Air Harrods Limited's parent undertaking, Harrods Group (Holding) Limited produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 "Cash Flow Statements" ("FRS 1") Consequently the company has taken advantage of the exemption in FRS 1 from producing a cash flow statement

The company is also exempt under the terms of FRS 8, "Related Party Disclosures", from disclosing related party transactions with other group companies

The principal accounting policies of the company are set out below

The financial statements have been prepared on a going concern basis on the assumption that other group companies will make adequate funds available to the company, should they be required, for a period of at least 12 months from the date of approval of these financial statements and will not seek repayment of the amounts currently made available if this would adversely impact the position of the company

Turnover

Turnover represents the total amount receivable by the company for services provided, excluding VAT

Tangible Fixed Assets and Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives The rates generally applicable are

Equipment 20% - 33%

Aircraft which are acquired as long-term business assets are depreciated over their expected useful lives at 3% of their cost on a straight line basis

Leased assets

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

Deferred taxation

Deferred tax is recognised on an undiscounted basis 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

AIR HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 2 February 2013

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Contributions to pensions

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

The company is a member of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the company. Payment is made to the pension trust, which is separate from the company and Harrods Holdings Group, in accordance with calculations made periodically by consulting actuaries.

The company has adopted the provisions of FRS 17 'Retirement Benefits'. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognized only to the extent that it is recoverable by the company. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial returns on the pension fund, all reflected in the period to which they relate. The current service cost and costs from settlement and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are recorded through the statement of recognized gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS 17 in note 18 to the accounts.

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

2 Turnover

In the opinion of the directors, the company conducts only one class of business, in one significant geographical area, being the United Kingdom

3 Other operating income

Other income of £0 (2012 £500) was received from non-trading rental income during the period

4 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Auditors' remuneration Audit services	17	14
Depreciation Tangible fixed assets owned	119	117
Other operating lease rentals	1,148	1,134
Provision for onerous lease	-	575

The directors consider that no adjustment is required to the onerous lease provision of G-FULM and G-WIWI. The company is obligated to pay lease rentals until 2015 and 2018 respectively, but sees no way in the current market of these helicopters making a profit during this period. The provision represents the best estimate of the minimum future rental liabilities through to an estimated date of the obligation ceasing, either by lease cancellation following a disposal or sub-lease to a third party.

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

5 Interest payable and similar charges

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Interest receivable		
Other interest receivable	-	-
Payable to group undertakings		
Loans repayable wholly or in part after 5 years	(770)	(597)
Bank loan		
Loans repayable wholly or in part within 5 years	(40)	(45)
(Loss)/Gain on revaluation of US Dollar denominated deposits	(14)	31
	<u>(824)</u>	<u>(611)</u>

6 Directors and employees

Staff costs during the period were as follows

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Wages and salaries	1,210	908
Social security costs	116	102
Staff pensions	82	69
	<u>1,408</u>	<u>1,079</u>

The average number of employees of the company during the period was 12 (2012 12)

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

Remuneration in respect of directors was as follows

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Salary	151	120
Other pension costs	<u>6</u>	<u>9</u>
	<u>157</u>	<u>129</u>

During the period one director (2012 one) participated in defined contribution pension schemes

AIR HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 2 February 2013

7 Tax on loss on ordinary activities

The tax credit is based on the loss for the period and represents

	52 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Group relief receivable	<u>(769)</u>	<u>(877)</u>
	(769)	(877)
Deferred tax		
Origination and reversal of timing differences	(30)	2
Tax included in the statement of total recognised gains and losses		
Current tax charge on pension scheme	<u>9</u>	<u>12</u>
Tax on loss on ordinary activities	<u>(790)</u>	<u>(863)</u>
Factors affecting tax credit for period		
Loss on ordinary activities before tax	<u>(3,136)</u>	<u>(3,175)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 24 33% (2012 26 32%)	(763)	(836)
Effect of		
Expenses not deductible for tax purposes		1
(Accelerated)/ Decelerated capital allowances	(10)	(24)
General provisions	13	(6)
Current tax charge on pension scheme	<u>(9)</u>	<u>(12)</u>
Total current tax credit for period	<u>(769)</u>	<u>(877)</u>

AIR HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 2 February 2013

8 Tangible fixed assets

	Aircraft and equipment £ 000
Cost	
At 29 January 2012	3,691
Additions	15
Disposals	(2)
At 2 February 2013	<u>3,704</u>
Depreciation	
At 29 January 2012	484
Provided in the period	119
Disposals	(2)
At 2 February 2013	<u>601</u>
Net book value	
At 2 February 2013	<u>3,103</u>
At 28 January 2012	<u>3,207</u>

9 Debtors

	2 February 2013 £ 000	28 January 2012 £ 000
Trade debtors	219	205
Amounts owed by other group undertakings	779	877
Other debtors - Security deposit on operating leases	2,747	2,762
Prepayments and accrued income	182	255
	<u>3,927</u>	<u>4,099</u>

The security deposit is secured against the obligations of Fayair (Jersey) Co Limited, formerly a related party

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

10 Creditors: amounts falling due within one year

	2 February 2013 £ 000	28 January 2012 £ 000
Trade creditors	110	484
Bank loan	338	1,410
Accruals and deferred income	507	353
	<u>955</u>	<u>2,247</u>

11 Creditors: amounts falling due after more than one year

	2 February 2013 £ 000	28 January 2012 £ 000
Bank loans and overdrafts	819	-
Amounts owed to group undertakings	11,790	8,898
	<u>12,609</u>	<u>8,898</u>

Amounts due to group undertakings are unsecured and have no fixed date of payment. Interest is charged on balances outstanding at the rate of 7 11% per annum netted against cash balances at base rate.

Amounts due in respect of bank loans are secured against an Air Harrods helicopter. Interest is payable monthly over five years. Bank loans are repayable in equal monthly instalments of £28k from 24 December 2007 to October 2012, followed by a balloon payment of £1,156k refinanced in November 2012.

Borrowings

Borrowings are repayable as follows

	2 February 2013 £ 000	28 January 2012 £ 000
Within one year		
Bank loans	338	1,410
After one and within two years		
Bank loans	819	-
After five years		
Amounts owed to parent undertaking	11,790	8,898
	<u>12,947</u>	<u>10,308</u>

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

12 Deferred taxation and provisions for liabilities

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 2 February 2013 or 28 January 2012.

	Deferred Tax £ 000	Onerous Lease Provision £ 000	Total £ 000
At 29 January 2012	(337)	(3,075)	(3,412)
Credited to the profit and loss account	30	-	30
At 2 February 2013	<u>(307)</u>	<u>(3,075)</u>	<u>(3,382)</u>

Analysis of deferred tax

	2 February 2013 £ 000	28 January 2012 £ 000
Deferred tax for current year	(3)	32
Deferred tax due to change in tax rate	<u>(27)</u>	<u>(29)</u>
Deferred tax (credited)/charged to the profit and loss account	<u>(30)</u>	<u>3</u>

Legislation was introduced in the Finance Act 2012 to reduce the main rate of corporation tax from 26% to 24% with effect from 1 April 2012, and to 23% with effect from 1 April 2013. The effect of this reduction is reflected in the deferred tax liability disclosed in the accounts.

Furthermore, the UK Government announced in the Autumn Statement on 5 December 2012 that it intends to reduce the rate of corporation tax by a further 2% to 21% to apply from 1 April 2014. A further reduction of 1% to apply from 1 April 2015 was announced in the Budget on 20 March 2013. The reduction to 20% has not been reflected in the closing deferred tax liability as it has not been substantively enacted at the balance sheet date.

The Directors estimate that the effect of these changes will reduce the company's recognised deferred tax liability by £40k.

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

13 Called up share capital

	2 February 2013 £ 000	28 January 2012 £ 000
Authorised		
10,700,100 ordinary shares of £1 each	<u>10,700</u>	<u>10,700</u>
Allotted, called up and fully paid		
10,700,002 ordinary shares of £1 each	<u>10,700</u>	<u>10,700</u>

14 Reserves

	Profit and loss account £ 000
At 29 January 2012	(17,803)
Loss retained for the period	(2,346)
Actuarial loss on pension schemes	<u>(30)</u>
At 2 February 2013	<u>(20,179)</u>

15 Reconciliation of movement in shareholders' funds

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Retained loss for the period	(2,346)	(2,312)
Actuarial loss - FRS17	(39)	(46)
Deferred tax relating to FRS 17	<u>9</u>	<u>12</u>
Net reduction to shareholders' funds	<u>(2,376)</u>	<u>(2,346)</u>
Shareholders' deficit at start of period	<u>(7,103)</u>	<u>(4,757)</u>
Shareholders' deficit at end of period	<u>(9,479)</u>	<u>(7,103)</u>

AIR HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 2 February 2013

16 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2012 - £nil)

17 Contingent assets/ liabilities

The Harrods Holdings Group's cash netting is guaranteed by Air Harrods Limited and other Group companies

There were no other contingent liabilities at 2 February 2013 or 28 January 2012

18 Retirement benefit obligations

Stakeholder Scheme

The Group operates the Harrods Retirement Savings Plan, which is an approved defined contribution scheme, it was established in April 2006 and is provided and managed by Fidelity International. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £82k (2012 - £69k)

Contributions totalling £nil (2012 - £nil) were payable to the scheme at the end of the period and are included in creditors

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

Defined Benefit Pension Scheme ("the Plan")

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 2012 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £77m as at 5 April 2012, a funding level of 85%. At the previous valuation at 5 April 2009, the shortfall was £103m equating to a funding level of 73%.

A revised recovery plan was subsequently agreed. In order for the Plan to be fully funded by 31 March 2017, the Trustees and Principal Employer agreed the following on 31 October 2012:

- Annual contributions totalling £15.0m per annum payable in each of 2013, 2014, 2015 and 2016 with a final payment of £4.7m in March 2017
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers

During the period ended 2 February 2013, the participating employers made total contributions to the plan of £15.0m (2012: £17.2m).

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

Financial Reporting Standard 17 Disclosures

Mercer, the actuaries and administrators to the plan, as appointed by the Pension Trustees, carried out a valuation of the plan's assets and liabilities

The major assumptions used by the actuary were

	2 February 2013 %	28 January 2012 %
Discount rate	4.6	4.7
Future pension increases	2.6	2.3
Inflation assumption	3.4	3.1
Expected return on scheme assets - equity	6.4	6.2
Expected return on scheme assets - cash	2.8	2.6
Expected return on scheme assets - other	4.6	4.4
Post retirement (at age 60) mortality assumptions		
Current pensioners at retirement age - men	27.9	28.3
Current pensioners at retirement age - women	30.2	30.9
Future pensioners at retirement age - men	30.4	31.5
Future pensioners at retirement age - women	32.7	34.1

Scheme assets

Changes in the fair value of scheme assets are as follows

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Fair value at start of period	1,121	1,212
Expected return on assets	51	54
Actuarial gains and losses	23	9
Employer contributions	39	46
Benefits paid	(36)	(33)
Transfers	-	(167)
Fair value at end of period	1,198	1,121

Pension scheme assets have been reallocated between group companies to bring allocations into line with actuarial valuations to ensure that the same principle of allocation be used across both the scheme assets and liabilities. The allocation adjustment is disclosed under the "Transfers" line in the changes of fair value of scheme assets section above.

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

Analysis of assets

The major categories of scheme assets are as follows

	2 February 2013 £ 000	28 January 2012 £ 000
Equity instruments	391	345
Debt instruments	489	442
Cash	92	161
Other assets	226	173
	1,198	1,121

Actual return on scheme's assets

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Actual return on scheme assets	74	63

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

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes

Scheme liabilities

Changes in the present value of scheme liabilities are as follows

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Present value at start of period	1,114	989
Actuarial gains and losses	50	104
Interest cost	51	54
Benefits paid	(36)	(33)
Present value at end of period	1,179	1,114
Analysed as:		
Present value arising from wholly or partly funded schemes	1,179	1,114

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows

	2 February 2013 £ 000	28 January 2012 £ 000
Fair value of scheme assets	1,198	1,121
Present value of scheme liabilities	(1,179)	(1,114)
	19	7
Irrecoverable surplus	(19)	(7)
Net asset/(liability) in the balance sheet	-	-

Amounts recognised in the profit and loss account

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Amounts recognised in operating loss		
Recognised in arriving at operating loss	-	-
Amounts recognised in other finance cost		
Interest cost	51	54
Expected return on scheme assets	(51)	(54)
Recognised in other finance cost	-	-
Total recognised in the profit and loss account	-	-

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

Amounts recognised in the statement of total recognised gains and losses

	53 weeks ended 2 February 2013 £ 000	52 weeks ended 28 January 2012 £ 000
Effect of surplus cap	(12)	49
Other actuarial losses	(27)	(95)
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	<u>(39)</u>	<u>(46)</u>

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since 1 January 2002 is £438 k (2012 - £398k)

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows

	2 February 2013 £ 000	28 January 2012 £ 000	29 January 2011 £ 000	30 January 2010 £ 000	31 January 2009 £ 000
Fair value of scheme assets	1,198	1,121	1,212	1,097	911
Present value of scheme liabilities	<u>(1,179)</u>	<u>(1,114)</u>	<u>(989)</u>	<u>(966)</u>	<u>(765)</u>
Surplus in scheme	<u>19</u>	<u>7</u>	<u>223</u>	<u>131</u>	<u>146</u>
Experience adjustments					
	2 February 2013 £ 000	28 January 2012 £ 000	29 January 2011 £ 000	30 January 2010 £ 000	31 January 2009 £ 000
Experience adjustments arising on scheme assets	<u>23</u>	<u>9</u>	<u>24</u>	<u>85</u>	<u>(171)</u>

AIR HARRODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 2 February 2013

19 Leasing commitments

Operating lease payments amounting to £1,194k (2012 £1,178k) are due within one year. The leases to which these amounts relate expire as follows:

	2 February 2013 £ 000	28 January 2012 £ 000
Land and buildings		
Within one year	<u>46</u>	<u>44</u>
Other		
Within two and five years	<u>1,148</u>	<u>1,134</u>

20 Related party transactions

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

21 Ultimate parent undertaking

The immediate parent undertaking of Air Harrods Limited is Harrods Aviation Limited.

The largest and smallest group for which consolidated financial statements are publicly available is Harrods Group (Holding) Limited. The group financial statements will be filed with the Registrar of Companies in due course.

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 is Qatar Investment Authority.