

Registration number: 3165147

# AIR HARRODS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period ended  
28 January 2017

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COMPANIES HOUSE

# **AIR HARRODS LIMITED**

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## **AIR HARRODS LIMITED**

### **COMPANY INFORMATION**

**Directors**                P D Norton  
                                 M A Ward  
                                 J P Edgar

**Company secretary** D J Webster

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

## **AIR HARRODS LIMITED**

### **DIRECTORS' REPORT**

For the period ended 28 January 2017

The Directors present their report and the financial statements for the period ended 28 January 2017.

#### **Principal activity**

The company provides premium executive helicopter services.

#### **Fair review of the business**

There was a loss for the year after taxation amounting to £1.1 million (2016: £2.4 million); included in the loss for the prior period was a £0.8 million loss on disposal of a helicopter that was sold during the period.

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 of the company**

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

P D Norton

M A Ward

J P Edgar

#### **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 amount to 6 days (2016: 5 days) of average supply 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

### DIRECTORS' REPORT

For the period ended 28 January 2017 (continued)

#### Statement of Directors' Responsibilities

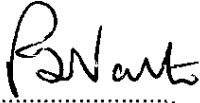
The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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). 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;
- 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.

Approved by the Board on 5.6.17 and signed on its behalf by:



.....  
P D Norton  
Director

## AIR HARRODS LIMITED

### PROFIT AND LOSS ACCOUNT

For the period ended 28 January 2017

	Note	52 weeks ended 28 January 2017 £ 000	52 weeks ended 30 January 2016 £ 000
Turnover	2	2,108	1,984
Cost of sales		<u>(2,306)</u>	<u>(3,700)</u>
<b>Gross loss</b>		<b>(198)</b>	<b>(1,716)</b>
Administrative expenses		<u>(62)</u>	<u>(224)</u>
<b>Operating loss</b>	3	<b>(260)</b>	<b>(1,940)</b>
Other interest receivable and similar income	4	240	127
Interest payable and similar charges	5	<u>(1,339)</u>	<u>(1,241)</u>
Net interest		<b>(1,099)</b>	<b>(1,114)</b>
<b>Loss before tax</b>		<b>(1,359)</b>	<b>(3,054)</b>
Taxation	7	<u>272</u>	<u>671</u>
<b>Loss for the financial period</b>		<b><u>(1,087)</u></b>	<b><u>(2,383)</u></b>

The above results were derived from continuing operations.

The notes on pages 8 to 24 form an integral part of these financial statements.

## AIR HARRODS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME For the period ended 28 January 2017

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
Loss for the period	<b>(1,087)</b>	<b>(2,383)</b>
Remeasurement (loss)/gain on defined benefit pension schemes	<b><u>(210)</u></b>	<b><u>83</u></b>
Total comprehensive income for the period	<b><u><u>(1,297)</u></u></b>	<b><u><u>(2,300)</u></u></b>

## AIR HARRODS LIMITED

BALANCE SHEET AS AT 28 JANUARY 2017

(Registration number: 3165147)

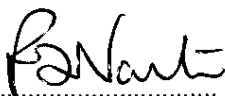
	Note	28 January 2017 £ 000	30 January 2016 £ 000
<b>Fixed assets</b>			
Tangible assets	8	2	3
<b>Current assets</b>			
Debtors	9	2,554	2,511
Cash at bank and in hand		<u>1,144</u>	<u>160</u>
		3,698	2,671
<b>Creditors: Amounts falling due within one year</b>	11	<u>(249)</u>	<u>(206)</u>
<b>Net current assets</b>		<u>3,449</u>	<u>2,465</u>
<b>Total assets less current liabilities</b>		3,451	2,468
<b>Creditors: Amounts falling due after more than one year</b>	11	(20,363)	(17,475)
<b>Provisions for liabilities</b>	12	<u>(1,540)</u>	<u>(2,332)</u>
<b>Net liabilities excluding pension (liability)/asset</b>		(18,452)	(17,339)
Net pension (liability)/asset	17	<u>(71)</u>	<u>113</u>
<b>Net liabilities</b>		<u>(18,523)</u>	<u>(17,226)</u>
<b>Capital and reserves</b>			
Called up share capital	14	10,700	10,700
Profit and loss account	13	<u>(29,223)</u>	<u>(27,926)</u>
<b>Total equity</b>		<u>(18,523)</u>	<u>(17,226)</u>

For the financial period ending 28 January 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 5.6.17 and signed on its behalf by:



P D Norton

Director

The notes on pages 8 to 24 form an integral part of these financial statements.



## AIR HARRODS LIMITED

### STATEMENT OF CHANGES IN EQUITY For the period ended 28 January 2017

	Share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 31 January 2016	10,700	(27,926)	(17,226)
Loss for the period	-	(1,087)	(1,087)
Other comprehensive income	-	(210)	(210)
Total comprehensive income	-	(1,297)	(1,297)
<b>At 28 January 2017</b>	<b>10,700</b>	<b>(29,223)</b>	<b>(18,523)</b>

	Share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 31 January 2015	10,700	(25,626)	(14,926)
Loss for the period	-	(2,383)	(2,383)
Other comprehensive income	-	83	83
Total comprehensive income	-	(2,300)	(2,300)
<b>At 30 January 2016</b>	<b>10,700</b>	<b>(27,926)</b>	<b>(17,226)</b>

The notes on pages 8 to 24 form an integral part of these financial statements.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017

#### 1 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### Summary of 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);
- the requirements of Section 11 Basic Financial Instruments paragraph 11.41;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harrods Group (Holding) Limited as at 28 January 2017.

##### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

##### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 1 Accounting policies (continued)

##### Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

##### Depreciation

Depreciation is charged so as to allocate the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	between 3 to 10 years
Fixtures and fittings	between 3 to 10 years
Office equipment	3 years

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.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income' in the Profit and Loss Account.

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Computer software	3 years

##### Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 28 January 2017 (continued)

#### **1 Accounting policies (continued)**

##### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Defined contribution pension obligation**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **Group pension plan**

Where the risks of a defined benefit plan are shared between entities under common control, each entity recognises the net defined benefit cost charged in its own financial statements.

##### **Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

##### **Borrowing costs**

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

##### **Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 28 January 2017 (continued)

#### **1 Accounting policies (continued)**

##### **Provisions**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 2 Revenue

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

The analysis of the company's turnover for the period by class of business is as follows:

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
UK	<b><u>2,108</u></b>	<b><u>1,984</u></b>

#### 3 Operating loss

The loss on ordinary activities before taxation is stated after:

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
<b>Depreciation:</b>		
Depreciation expense	1	31
Operating lease expense - plant and machinery	879	1,014
Loss on disposal of a helicopter	-	825
Unwinding of a provision for an onerous lease	<b><u>(792)</u></b>	<b><u>(368)</u></b>

#### 4 Other interest receivable and similar income

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
Interest income on financial assets	240	106
Other interest receivable	<b><u>-</u></b>	<b><u>21</u></b>
	<b><u>240</u></b>	<b><u>127</u></b>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 5 Interest payable and similar charges

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
Interest on bank overdrafts and borrowings	-	2
Interest payable on loans from group undertakings	1,345	1,239
Other finance costs	(6)	-
	<b>1,339</b>	<b>1,241</b>

#### 6 Employees

The aggregate payroll costs (including Directors' remuneration) were as follows:

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
Wages and salaries	1,006	883
Social security costs	108	97
Pension costs, defined contribution scheme	87	80
Pension costs, defined benefit scheme	4	5
	<b>1,205</b>	<b>1,065</b>

The average monthly number of employees, including the Directors, during the period was 12 (2016: 12).

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 7 Taxation

Tax charged/(credited) in the income statement

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
<b>Current taxation</b>		
UK corporation tax	(279)	(412)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>7</u>	<u>(259)</u>
Tax receipt in the income statement	<u>(272)</u>	<u>(671)</u>

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

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
Deferred tax related to items recognised as items of other comprehensive income	<u>(45)</u>	<u>18</u>



## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 7 Taxation (continued)

##### Factors affecting tax charge for the period

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2016: higher than the standard rate of corporation tax in the UK) of 20% (2016: 20.16%).

The differences are reconciled below:

	<b>52 weeks ended 28 January 2017 £ 000</b>	<b>52 weeks ended 30 January 2016 £ 000</b>
Loss before tax	<u><b>(1,359)</b></u>	<u><b>(3,054)</b></u>
Corporation tax at standard rate	<b>(272)</b>	(616)
Increase (decrease) from effect of different UK tax rates on some earnings	<b>(1)</b>	-
Effect of expense not deductible in determining taxable profit (tax loss)	<b>1</b>	167
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	-	(20)
Tax increase (decrease) from effect of capital allowances and depreciation	-	(165)
Tax increase (decrease) from other short-term timing differences	<u>-</u>	<u>(37)</u>
Total tax credit	<u><b>(272)</b></u>	<u><b>(671)</b></u>

##### Factors that may affect future tax charges

The standard rate of tax applied to profit/(loss) on ordinary activities is 20% (2016: 20.16%). The tax rate for the year has reduced following the gradual reduction of the corporation tax rates introduced in Finance Act 2013, with a tax rate of 20% applicable from 1 April 2015.

Following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015, future tax rates will further decrease from 20% to 19% from 1 April 2017 and then down to 18% from 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. As a result, deferred tax balances have been calculated using 17% (2016: 18%) on the basis that the assets/liabilities are expected to unwind over a number of years.

On 16 March 2016 the Chancellor of the Exchequer announced in his Budget that corporation tax rates will further decrease to 17% and this will replace the expected decrease to 18% from 1 April 2020.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 8 Tangible assets

	Equipment and other assets £ 000
<b>Cost or valuation</b>	
At 31 January 2016	7
Disposals	(2)
At 28 January 2017	5
<b>Depreciation</b>	
At 31 January 2016	4
Charge for the year	1
Eliminated on disposal	(2)
At 28 January 2017	3
<b>Carrying amount</b>	
At 28 January 2017	2
At 30 January 2016	3

#### 9 Debtors

	Note	28 January 2017 £ 000	30 January 2016 £ 000
<b>Due after more than one year</b>			
Amounts owed by group undertakings		279	417
		<u>279</u>	<u>417</u>
<b>Due within one year</b>			
Trade debtors		299	393
Other debtors		1,883	1,644
Prepayments and accrued income		87	50
Deferred tax assets	7	6	7
		<u>2,275</u>	<u>2,094</u>
Total current trade and other debtors		<u>2,554</u>	<u>2,511</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 10 Cash and cash equivalents

	28 January 2017 £ 000	30 January 2016 £ 000
Cash at bank and in hand	<u>1,144</u>	<u>160</u>

#### 11 Creditors

	28 January 2017 £ 000	30 January 2016 £ 000
<b>Due within one year</b>		
Trade creditors	30	27
Other payables	28	18
Accruals and deferred income	<u>191</u>	<u>161</u>
	<u>249</u>	<u>206</u>
<b>Due after one year</b>		
Amounts owed to group undertakings	<u>20,363</u>	<u>17,475</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.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 12 Deferred tax and other provisions

Deferred taxation provided for in the financial statements is an asset and set out in Debtors, note 8 above. There were no un-provided amounts of deferred taxation at 28 January 2017 or 30 January 2016.

	<b>Onerous lease provision £ 000</b>
At 31 January 2016	2,332
Decrease in existing provisions	<u>(792)</u>
At 28 January 2017	<u><b>1,540</b></u>

Following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015, future tax rates will further decrease from 20% to 19% from 1 April 2017 and then down to 18% from 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. As a result, deferred tax balances have been calculated using 17% (2016: 18%) on the basis that the assets/ liabilities are expected to unwind over a number of years.

On 16 March 2016 the Chancellor of the Exchequer announced in his Budget that corporation tax rates will further decrease to 17% and this will replace the expected decrease to 18% from 1 April 2020.

#### 13 Reserves

	<b>28 January 2017 £ 000</b>
Profit and loss account - b/fwd	(27,926)
Loss retained for the period	(1,087)
Actuarial losses on defined benefit pension scheme	(254)
Deferred tax relating to defined benefit pension scheme	<u>44</u>
	<u><b>(29,223)</b></u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

#### 13 Reserves (continued)

The changes to each component of equity resulting from items of other comprehensive income for the current period were as follows:

	<b>Retained earnings £ 000</b>
Remeasurement loss on defined benefit pension schemes	<u>(210)</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	<b>Retained earnings £ 000</b>
Remeasurement gain on defined benefit pension schemes	<u>83</u>

#### 14 Share capital

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

	28 January 2017		30 January 2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>10,700</u>	<u>10,700</u>	<u>10,700</u>	<u>10,700</u>

##### Rights, preferences and restrictions

Each ordinary share represents one vote. There are no restrictions or preferences placed on these shares.

#### 15 Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2016: £Nil).

#### 16 Contingent liabilities

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

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 28 January 2017 (continued)

#### **17 Pension and other schemes**

##### **Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £87k (2016: £80k).

##### **Defined benefit pension schemes**

###### **The Harrods Group Pension 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 Trustees 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 2015 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £45m as at 5 April 2015, a funding level of 93%. At the previous valuation at 5 April 2012, the shortfall was £77m equating to a funding level of 85%.

A revised recovery plan was subsequently agreed. In order for the Plan to be fully funded by 31 March 2021, the Trustees and Principal Employer agreed the following on 24 March 2016:

- Annual contributions totalling £5.0m per annum payable in each of 2016, 2017, 2018, 2019, 2020 with a final payment of £1.25m in March 2021.
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.
- A number of changes to the investment strategy to be implemented with the aim of de-risking the plan.
- Recognising the risks inherent in the performance of the financial markets during the deficit correction period, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

During the period ended 28 January 2017, the participating employers made total contributions to the plan of £6.5m (2016: £20.3m).

Due to the deficits falling below the lower agreed tolerance band as indicated above for three consecutive quarters in the period, the participating employers will be making additional contributions in the following year ending 3rd February 2018, commencing with £7.2m in March 2017 and to be reassessed quarterly thereafter. The additional payments will cease once the deficit recovers above the lower tolerance band.

The date of the most recent comprehensive actuarial valuation was 28 January 2017.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

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

The total cost relating to defined benefit schemes for the period recognised in the profit and loss account as an expense was £4k (2016: £4k).

The total cost relating to defined benefit schemes for the period included in the cost of an asset was £Nil (2016: £Nil).

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

The amounts recognised in the statement of financial position are as follows:

	28 January 2017 £ 000	30 January 2016 £ 000
Fair value of scheme assets	2,816	2,491
Present value of defined benefit obligation	<u>(2,901)</u>	<u>(2,353)</u>
Defined benefit pension scheme (deficit)/surplus	(85)	138
Deferred tax on pension scheme	<u>14</u>	<u>(25)</u>
Net pension scheme (liability)/asset	<u>(71)</u>	<u>113</u>

#### **Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	28 January 2017 £ 000
Present value at start of period	2,353
Interest cost	87
Actuarial gains and losses	629
Benefits paid	(74)
Effect of experience adjustments	<u>(94)</u>
Present value at end of period	<u>2,901</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

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

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

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

	28 January 2017 £ 000
Fair value at start of period	2,491
Interest income	93
Return on plan assets, excluding amounts included in interest income/(expense)	276
Employer contributions	30
Benefits paid	(74)
Fair value at end of period	<u>2,816</u>

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	28 January 2017 £ 000	30 January 2016 £ 000
Cash and cash equivalents	307	71
Equity instruments	391	831
Debt instruments	1,163	1,018
Other Assets	955	571
	<u>2,816</u>	<u>2,491</u>

##### *Return on scheme assets*

	28 January 2017 £ 000	30 January 2016 £ 000
Return on scheme assets	<u>373</u>	<u>(93)</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.



## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 January 2017 (continued)

## 17 Pension and other schemes (continued)

### *Principal actuarial assumptions*

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

	28 January 2017 %	30 January 2016 %
Discount rate	2.85	3.75
Future pension increases	2.45	2.20
Inflation	3.45	3.00

### *Post retirement mortality assumptions*

	28 January 2017 Years	30 January 2016 Years
Current UK pensioners at retirement age - male	28.00	28.00
Current UK pensioners at retirement age - female	30.00	30.00
Future UK pensioners at retirement age - male	30.00	30.00
Future UK pensioners at retirement age - female	32.00	32.00

## 18 Loans and borrowings

	28 January 2017 £ 000	30 January 2016 £ 000
<b>Non-current loans and borrowings</b>		
Other borrowings	20,363	17,475

## 19 Obligations under leases and hire purchase contracts

### **Operating leases**

The total of future minimum lease payments is as follows:

	28 January 2017 £ 000	30 January 2016 £ 000
Not later than one year	957	836
Later than one year and not later than five years	246	1,048
	1,203	1,884

The amount of non-cancellable operating lease payments recognised as an expense during the period was £879k (2016: £1,014k).

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 28 January 2017 (continued)

#### **20 Parent and ultimate parent undertaking**

The company's immediate parent is Harrods Aviation Limited, incorporated in United Kingdom.

The ultimate parent is Harrods Aviation Holdings Limited, incorporated in United Kingdom.

The most senior parent entity producing publicly available financial statements is Harrods Group (Holding) Limited. These financial statements are available upon request from the Registrar of Companies in due course.

The ultimate controlling party is Qatar Investment Authority.