

Registration number: 3165147

# AIR HARRODS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period ended  
3 February 2018

THURSDAY



A08 \*A7GUELYP\* 18/10/2018 #287  
COMPANIES HOUSE

# **AIR HARRODS LIMITED**

## **CONTENTS**

<b>Company Information</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 to 3</b>
<b>Statement of Directors' Responsibilities</b>	<b>3</b>
<b>Profit and Loss Account</b>	<b>4</b>
<b>Statement of Comprehensive Income</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Statement of Changes in Equity</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8 to 24</b>

## **AIR HARRODS LIMITED**

### **COMPANY INFORMATION**

**Directors** P D Norton  
M A Ward

**Company secretary** D J Webster

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

## **AIR HARRODS LIMITED**

### **DIRECTORS' REPORT**

For the period ended 3 February 2018

The Directors present their report and the financial statements for the period ended 3 February 2018.

#### **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 £1.3 million (2017: £1.1 million).

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 (resigned 10 November 2017)

#### **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 2 days (2017: 6 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 3 February 2018 (continued)

#### Statement of Directors' Responsibilities

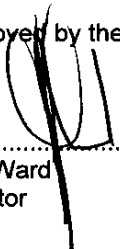
The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 19/6/18 and signed on its behalf by:

  
.....  
M A Ward  
Director

# AIR HARRODS LIMITED

## PROFIT AND LOSS ACCOUNT

For the period ended 3 February 2018

	Note	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Turnover	2	1,882	2,108
Cost of sales		<u>(1,710)</u>	<u>(2,306)</u>
<b>Gross profit/(loss)</b>		<b>172</b>	<b>(198)</b>
Administrative expenses		<u>(69)</u>	<u>(62)</u>
<b>Operating profit/(loss)</b>	3	<b>103</b>	<b>(260)</b>
Other interest receivable and similar income	4	2	240
Interest payable and similar charges	5	<u>(1,769)</u>	<u>(1,339)</u>
Net interest		<b>(1,767)</b>	<b>(1,099)</b>
<b>Loss before tax</b>		<b>(1,664)</b>	<b>(1,359)</b>
Taxation	7	<u>322</u>	<u>272</u>
<b>Loss for the financial period</b>		<b><u>(1,342)</u></b>	<b><u>(1,087)</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 3 February 2018

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
Loss for the period	<b>(1,342)</b>	(1,087)
Remeasurement gain/(loss) on defined benefit pension schemes	<u>7</u>	<u>(210)</u>
Total comprehensive income for the period	<b><u>(1,335)</u></b>	<b><u>(1,297)</u></b>

# AIR HARRODS LIMITED

BALANCE SHEET AS AT 3 FEBRUARY 2018  
(Registration number: 3165147)

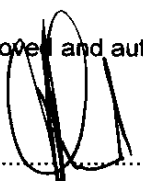
	Note	3 February 2018 £ 000	28 January 2017 £ 000
<b>Fixed assets</b>			
Tangible assets	8	2	2
<b>Current assets</b>			
Debtors	9	2,309	2,554
Cash at bank and in hand		<u>40</u>	<u>1,144</u>
		2,349	3,698
<b>Creditors: Amounts falling due within one year</b>	11	<u>(192)</u>	<u>(249)</u>
<b>Net current assets</b>		<u>2,157</u>	<u>3,449</u>
<b>Total assets less current liabilities</b>		2,159	3,451
<b>Creditors: Amounts falling due after more than one year</b>	11	(21,621)	(20,363)
<b>Provisions for liabilities</b>	12	<u>(444)</u>	<u>(1,540)</u>
<b>Net liabilities excluding pension (liability)/asset</b>		(19,906)	(18,452)
Net pension asset/(liability)	17	<u>48</u>	<u>(71)</u>
<b>Net liabilities</b>		<u>(19,858)</u>	<u>(18,523)</u>
<b>Capital and reserves</b>			
Called up share capital	14	10,700	10,700
Profit and loss account	13	<u>(30,558)</u>	<u>(29,223)</u>
<b>Total equity</b>		<u>(19,858)</u>	<u>(18,523)</u>

For the financial period ending 3 February 2018 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 19/6/18 and signed on its behalf by:

  
.....  
M A Ward  
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 3 February 2018

	Share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 29 January 2017	10,700	(29,223)	(18,523)
Loss for the period	-	(1,342)	(1,342)
Other comprehensive income	-	7	7
Total comprehensive income	-	(1,335)	(1,335)
<b>At 3 February 2018</b>	<b>10,700</b>	<b>(30,558)</b>	<b>(19,858)</b>

	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>

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 3 February 2018

#### **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 3 February 2018.

##### **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 3 February 2018 (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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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**

<b>Asset class</b>	<b>Amortisation method and rate</b>
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 3 February 2018 (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 3 February 2018 (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 3 February 2018 (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>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
UK	<b><u>1,882</u></b>	<b><u>2,108</u></b>

#### 3 Operating profit

The loss on ordinary activities before taxation is stated after:

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
<b>Depreciation:</b>		
Depreciation expense	-	1
Operating lease expense - plant and machinery	914	879
Unwinding of a provision for an onerous lease	<b><u>(1,096)</u></b>	<b><u>(792)</u></b>

#### 4 Other interest receivable and similar income

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
Interest income on financial assets	-	240
Other interest receivable	<b><u>2</u></b>	<b><u>-</u></b>
	<b><u>2</u></b>	<b><u>240</u></b>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (continued)

#### 5 Interest payable and similar charges

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
Interest payable on loans from group undertakings	<b>1,520</b>	1,345
Foreign exchange losses on security deposit revaluation	<b>249</b>	-
Other finance costs	-	(6)
	<b><u>1,769</u></b>	<b><u>1,339</u></b>

#### 6 Employees

The aggregate payroll costs were as follows:

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
Wages and salaries	<b>1,015</b>	1,006
Social security costs	<b>110</b>	108
Pension costs, defined contribution scheme	<b>91</b>	87
Pension costs, defined benefit scheme	<b>5</b>	4
	<b><u>1,221</u></b>	<b><u>1,205</u></b>

The average monthly number of employees during the period was 12 (2017: 12).

Remuneration to the Directors is paid for by other group companies. It is not practical to determine the proportion of their emoluments which relate to their services as Directors of this company.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (continued)

#### 7 Taxation

Tax charged/(credited) in the income statement

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
<b>Current taxation</b>		
UK corporation tax	<b>(344)</b>	<b>(279)</b>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u><b>22</b></u>	<u><b>7</b></u>
Tax receipt in the income statement	<u><b>(322)</b></u>	<u><b>(272)</b></u>

Tax relating to items recognised in other comprehensive income or equity

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
Deferred tax related to items recognised as items of other comprehensive income	<u><b>1</b></u>	<u><b>(45)</b></u>



## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (continued)

#### 7 Taxation (continued)

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

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2017: the same as the standard rate of corporation tax in the UK) of 19.16% (2017: 20%).

The differences are reconciled below:

	<b>53 weeks ended 3 February 2018 £ 000</b>	<b>52 weeks ended 28 January 2017 £ 000</b>
Loss before tax	<b>(1,664)</b>	<b>(1,359)</b>
Corporation tax at standard rate	<b>(319)</b>	<b>(272)</b>
Increase (decrease) from effect of different UK tax rates on some earnings	<b>(3)</b>	<b>(1)</b>
Effect of expense not deductible in determining taxable profit (tax loss)	<b>-</b>	<b>1</b>
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	<b>1</b>	<b>-</b>
Tax increase (decrease) from other short-term timing differences	<b>(1)</b>	<b>-</b>
Total tax credit	<b>(322)</b>	<b>(272)</b>

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

The standard rate of tax applied to profit/(loss) on ordinary activities is 19.16% (2017: 20%). The Finance (No 2) Act 2015 introduced a reduction in the corporation tax rate to 19% for financial years 2017, 2018 and 2019. The Finance Act 2016 further reduces the corporation tax rate to 17% from 1 April 2020 (previously 18%).

# AIR HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 3 February 2018 (continued)

### 8 Tangible assets

	Equipment and other assets £ 000
<b>Cost or valuation</b>	
At 29 January 2017	<u>4</u>
At 3 February 2018	<u>4</u>
<b>Depreciation</b>	
At 29 January 2017	<u>2</u>
At 3 February 2018	<u>2</u>
<b>Carrying amount</b>	
At 3 February 2018	<u>2</u>
At 28 January 2017	<u>2</u>

### 9 Debtors

	3 February 2018 £ 000	28 January 2017 £ 000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>345</u>	<u>279</u>
	<u>345</u>	<u>279</u>
<b>Due within one year</b>		
Trade debtors	262	299
Other debtors	1,635	1,883
Prepayments and accrued income	61	87
Deferred tax assets	<u>6</u>	<u>6</u>
	<u>1,964</u>	<u>2,275</u>
Total current trade and other debtors	<u>2,309</u>	<u>2,554</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (continued)

#### 10 Cash and cash equivalents

	<b>3 February 2018 £ 000</b>	<b>28 January 2017 £ 000</b>
Cash at bank and in hand	<u>40</u>	<u>1,144</u>

#### 11 Creditors

	<b>3 February 2018 £ 000</b>	<b>28 January 2017 £ 000</b>
<b>Due within one year</b>		
Trade creditors	2	30
Other payables	36	28
Accruals and deferred income	<u>154</u>	<u>191</u>
	<u>192</u>	<u>249</u>
<b>Due after one year</b>		
Amounts owed to group undertakings	<u>21,621</u>	<u>20,363</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.

#### 12 Deferred tax and other provisions

Deferred taxation provided for in the financial statements is an asset and set out in Debtors, note 9 above. There were no un-provided amounts of deferred taxation at 3 February 2018 or 28 January 2017.

	<b>Onerous lease provision £ 000</b>
At 29 January 2017	1,540
Provisions used	<u>(1,096)</u>
At 3 February 2018	<u>444</u>

The Finance (No 2) Act 2015 introduced a reduction in the corporation tax rate to 19% for financial years 2017, 2018 and 2019. The Finance Act 2016 further reduces the corporation tax rate to 17% from 1 April 2020 (previously 18%).

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (continued)

#### 13 Reserves

	<b>3 February 2018 £ 000</b>
Profit and loss account - b/fwd	<b>(29,223)</b>
Loss retained for the period	<b>(1,342)</b>
Actuarial gains on defined benefit pension scheme	<b>9</b>
Deferred tax relating to defined benefit pension scheme	<b>(2)</b>
	<b><u>(30,558)</u></b>

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 gain on defined benefit pension schemes	<b><u>7</u></b>

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

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

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (continued)

#### 14 Share capital

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

	3 February 2018		28 January 2017	
	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 (2017: £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 3 February 2018 (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 £91k (2017: £87k).

##### **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.

In aggregate, during the period ended 3 February 2018, the participating employers made total contributions to the plan of £31.5m (2017: £6.5m), of which £23.7m were additional payments made due to the deficit falling below the agreed tolerance band as per the recovery plan outlined above.

As the deficit has continued to fall below the agreed tolerance band, the participating employers will be making additional contributions in the following year ending 2 February 2019, commencing with £4.3m in March 2018 and to be reassessed quarterly thereafter. The additional payments will cease once the deficit recovers above the lower tolerance band.

The next triennial valuation is scheduled for April 2018.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 3 February 2018 (continued)

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

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

The total cost relating to defined benefit schemes for the period recognised in the profit and loss account as an expense was £5k (2017: £4k).

The total cost relating to defined benefit schemes for the period included in the cost of an asset was £Nil (2017: £Nil).

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

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

	<b>3 February 2018 £ 000</b>	<b>28 January 2017 £ 000</b>
Fair value of scheme assets	<b>2,947</b>	2,816
Present value of defined benefit obligation	<b>(2,889)</b>	(2,901)
Defined benefit pension scheme surplus/(deficit)	<b>58</b>	(85)
Deferred tax on pension scheme	<b>(9)</b>	14
Net pension scheme (liability)/asset	<b>49</b>	(71)

#### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	<b>3 February 2018 £ 000</b>
Present value at start of period	<b>2,901</b>
Interest cost	81
Actuarial gains and losses	(21)
Benefits paid	(90)
Effect of experience adjustments	<b>18</b>
Present value at end of period	<b>2,889</b>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 3 February 2018 (continued)

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

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

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

	<b>3 February 2018 £ 000</b>
Fair value at start of period	2,816
Interest income	81
Employer contributions	140
Benefits paid	(90)
Fair value at end of period	<u>2,947</u>

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	<b>3 February 2018 £ 000</b>	28 January 2017 £ 000
Cash and cash equivalents	7	307
Equity instruments	449	391
Debt instruments	1,303	1,163
Other Assets	1,188	955
	<u>2,947</u>	<u>2,816</u>

##### *Return on scheme assets*

	<b>3 February 2018 £ 000</b>	28 January 2017 £ 000
Return on scheme assets	<u>87</u>	<u>373</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 3 February 2018 (continued)

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

##### *Principal actuarial assumptions*

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

	<b>3 February 2018</b>	28 January 2017
	<b>%</b>	<b>%</b>
Discount rate	<b>2.55</b>	2.85
Future pension increases	<b>2.25</b>	2.45
Inflation	<b>3.25</b>	3.45

##### *Post retirement mortality assumptions*

	<b>3 February 2018</b>	28 January 2017
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	<b>28.00</b>	28.00
Current UK pensioners at retirement age - female	<b>29.00</b>	30.00
Future UK pensioners at retirement age - male	<b>30.00</b>	30.00
Future UK pensioners at retirement age - female	<b>31.00</b>	32.00

#### 18 Loans and borrowings

	<b>3 February 2018</b>	28 January 2017
	<b>£ 000</b>	<b>£ 000</b>
<b>Non-current loans and borrowings</b>		
Other borrowings	<b>21,621</b>	20,363

#### 19 Obligations under leases and hire purchase contracts

##### **Operating leases**

The total of future minimum lease payments is as follows:

	<b>3 February 2018</b>	28 January 2017
	<b>£ 000</b>	<b>£ 000</b>
Not later than one year	<b>229</b>	957
Later than one year and not later than five years	<b>-</b>	246
	<b>229</b>	1,203

The amount of non-cancellable operating lease payments recognised as an expense during the period was £913k (2017: £879k).

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 3 February 2018 (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.