

**HARRODS CARD HANDLING
COMPANY LTD**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

28 JANUARY 2006



Company no 4614779

HARRODS CARD HANDLING COMPANY LTD

FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

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HARRODS CARD HANDLING COMPANY LTD

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the period ended 28 January 2006.

Principal activity

The company was incorporated on 11 December 2002 and commenced trading on 2 February 2003 as a merchant card handling company which provides customers of Harrods Limited with the facility of paying for goods and services by credit/debit card for a fee. The company ceased trading during November 2005.

Business review

There was a profit for the period after taxation amounting to £3,610,651 (2005: £5,271,652). The directors paid a dividend of £4,000,000 (2005: £8,000,000) in respect of the period.

Directors

The present membership of the Board is set out below.

N Blow
J Byrne
A Tanna

In accordance with the Articles of Association, no director is required to seek re-election at the forthcoming Annual General Meeting.

No director in office at 28 January 2006, held any beneficial interest in the shares of Harrods Holdings Limited or any of its subsidiaries at 30 January 2005, at time of appointment or at 28 January 2006.

No director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law required the directors to prepare financial statements for each financial year which 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

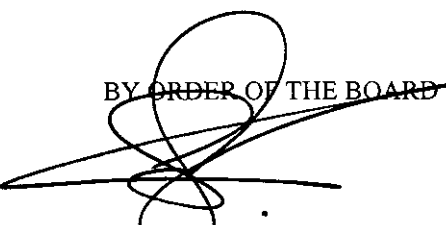
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

HARRODS CARD HANDLING COMPANY LTD

REPORT OF THE DIRECTORS

Auditors

Grant Thornton UK LLP, having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.



BY ORDER OF THE BOARD

S D H Dean
Secretary
21 July 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARRODS CARD HANDLING COMPANY LTD

We have audited the financial statements of Harrods Card Handling Company Ltd for the period ended 28 January 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

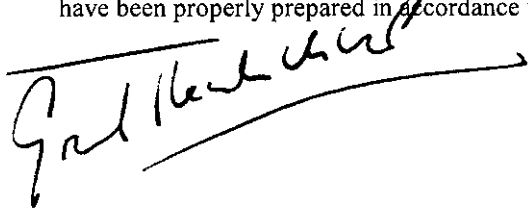
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARRODS CARD HANDLING COMPANY LTD**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 January 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Grant Thornton', is written over a horizontal line.

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
21 July 2006**

BASIS OF PREPARATION

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

Harrods Holdings Limited produces a consolidated cash flow statement in accordance with Financial Reporting Standard No 1 (FRS1). Consequently the company has taken advantage of the exemption in FRS 1 from producing a cash flow statement.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

HARRODS CARD HANDLING COMPANY LTD

PROFIT AND LOSS ACCOUNT

For the period ended 28 JANUARY 2006

	Note	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
Turnover	1	7,356,887	10,839,144
Cost of sales		-	-
Gross profit		7,356,887	10,839,144
Distribution and store costs		(2,444,077)	(3,669,876)
Operating profit		4,912,810	7,169,268
Net interest receivable	2	245,263	361,663
Profit on ordinary activities before taxation		5,158,073	7,530,931
Tax on profit on ordinary activities	4	(1,547,422)	(2,259,279)
Profit on ordinary activities after taxation	8,9	<u>3,610,651</u>	<u>5,271,652</u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

HARRODS CARD HANDLING COMPANY LTD

BALANCE SHEET AT 28 JANUARY 2006

	Note	At 28 January 2006 £	At 29 January 2005 £
Current assets			
Debtors	5	276,262	7,551,997
Cash at bank and in hand		<u>2,721,885</u>	<u>7,041,954</u>
		2,998,147	14,593,951
Creditors: amounts falling due within one year	6	(1,664,805)	(12,871,260)
Total current assets less current liabilities		<u>1,333,342</u>	<u>1,722,691</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	<u>1,333,340</u>	<u>1,722,689</u>
Equity shareholders' funds	9	<u>1,333,342</u>	<u>1,722,691</u>

The financial statements were approved by the Board of Directors on 21 July 2006.



A Tanna - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

HARRODS CARD HANDLING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover arising entirely within the United Kingdom is the amount receivable, excluding VAT, for goods and services supplied.

Turnover by geographical market supplied:

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
United Kingdom	<u>7,356,887</u>	<u>10,839,144</u>

Profit on ordinary activities before taxation is stated after charging £10,963 (2005: £nil) for auditor's remuneration.

2 INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
Interest receivable from group undertakings	<u>245,263</u>	<u>361,663</u>

3 DIRECTORS AND EMPLOYEES

No emoluments were paid to directors of the company during the period.

HARRODS CARD HANDLING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
Group relief	<u>1,547,422</u>	<u>2,259,279</u>
Profit on ordinary activities before tax	5,158,073	7,530,931
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005: 30%)	<u>1,547,422</u>	<u>2,259,279</u>
Effect of:		
Expenses not deductible for tax purposes	-	-
Current tax charge for period	<u>1,547,422</u>	<u>2,259,279</u>

5 DEBTORS

	At 28 January 2006 £	At 29 January 2005 £
Other debtors	276,262	7,506,203
Prepayments and accrued income	-	45,794
	<u>276,262</u>	<u>7,551,997</u>

Other debtors includes £nil (2005: £7,391,398) in respect of uncleared credit card receipts. These receipts are subsequently remitted to Harrods Limited.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 28 January 2006 £	At 29 January 2005 £
Amounts owed to group undertakings	109,213	10,375,346
Corporation tax	1,547,422	2,259,279
Accruals and deferred income	8,170	236,635
	<u>1,664,805</u>	<u>12,871,260</u>

HARRODS CARD HANDLING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

7 CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

8 RESERVES

	Profit and loss account £
At 30 January 2005	1,722,689
Profit for the financial period	3,610,651
Dividends	<u>(4,000,000)</u>
At 28 January 2006	<u>1,333,340</u>

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	3,610,651	5,271,652
Dividends	<u>(4,000,000)</u>	<u>(8,000,000)</u>
Net reduction to shareholders' funds	<u>(389,349)</u>	<u>(2,728,348)</u>
Shareholders' funds at 30 January 2005	<u>1,722,691</u>	<u>4,451,039</u>
Shareholders' funds at 28 January 2006	<u>1,333,342</u>	<u>1,722,691</u>

10 CAPITAL COMMITMENTS

The company had no capital commitments at 28 January 2006 or at 29 January 2005.

11 CONTINGENT ASSETS/LIABILITIES

There were no contingent liabilities at 28 January 2006 or at 29 January 2005.

HARRODS CARD HANDLING COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

12 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

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.

There are no other related party transactions.

13 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Harrods Limited, a company registered in England and Wales. The ultimate United Kingdom parent undertaking of Harrods Limited is Harrods Holdings Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Holdings Limited and the smallest such group of undertakings, including the company is headed by Harrods Limited. The group financial statements will be filed with the Registrar of Companies in due course.

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