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Harrods Group (Holding) Limited

Directors' Report and Consolidated Financial Statements

for the Period ended 2 February 2013

Registration number 5990648

Harrods Group (Holding) Limited
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Harrods Group (Holding) Limited

Directors' Report for the Period from 29 January 2012 to 2 February 2013

The directors present their report together with audited consolidated financial statements of Harrods Group (Holding) Limited and its subsidiary companies ("the group") for the 53 weeks ended 2 February 2013

Principal activity

The principal activity of the company is that of an investment holding company

The group operates Harrods, the world-renowned store in Knightsbridge, London. Since the store first opened its doors in 1849, Harrods has always prided itself on a reputation for service excellence and for offering the finest quality merchandise. London's - and England's - largest department store, Harrods remains the finest, most exciting and most fulfilling place to shop.

Other group activities include aviation services business from London's Luton and Stansted airports, concessions at London's Heathrow and Gatwick airports, export of Harrods branded merchandise to overseas department stores and airport terminals, and direct sales via the internet at Harrods.com. The group also operates in the real estate business through Harrods Estates and operates an insurance broker, Genavco Insurance, as well as banking operations through Harrods Bank.

Results of ordinary activities before exceptional items

The year ended 2 February 2013, was another record year for Harrods with group turnover growing to £765.4m (2012: £696.0m), operating profit up to £122.4m (2012: £112.7m) and profit before tax up to £92.5m (2012: £90.9m).

The year saw a very significant programme of capital expenditure, with total additions of £53.4m (2012: £108.6m).

The prior year included purchasing of a new distribution centre and offices in Hammersmith and this year focus continued on investing in luxury boutiques primarily in our Knightsbridge store but also at the airports. This level of capital expenditure is expected to continue in 2013.

Harrods Limited has owned the shares of Harrods Bank Limited for a number of years, but as it had no control of the Bank, it was accounted for as an unlisted investment. On 6 September 2012, the FSA granted Harrods Limited control of the Bank. From that date onwards, the Bank's results and position have been consolidated into the Group's financial statements. There was no consideration paid.

Business review

Principal risks and uncertainties

The major business risks and uncertainties for the Harrods business relate to

- (i) Events impacting the level of international travel to the UK, including terrorism and natural disasters
- (ii) The state of the economy and its impact on the retail environment
- (iii) Staff retention and recruitment

The directors continue to re-assess and monitor risk through the risk management committee and mitigation plans are put in place accordingly. Security and internal audit work together and with our insurers to monitor and remedy operational risks on an on-going basis.

Harrods Group (Holding) Limited

Directors' Report for the Period from 29 January 2012 to 2 February 2013

..... continued

KPIs

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

Profit for the financial period and the dividend

Turnover for the period to 2 February 2013 totalled £765.4m (2012 £696.0m)

There was a profit for the period after taxation amounting to £66.3m (2012 £64.4m). The company declared a dividend in the period £68.6m (2012 £77.5m)

Directors of the company

The directors who held office during the period were as follows

His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani

H Al-Abdulla

A M Al-Sayed

K Maamria

K J Al-Kuwari

M A Ward

J P Edgar (appointed 24 January 2013)

S J Brown (appointed 1 September 2012)

B J Smith (resigned 31 July 2012)

Credit risk

Due to the nature of the group's operations, exposure to credit risk from trading is not considered to be material

The group has a significant loan to a related party, Harrods Property Limited, amounting to £286.5m (2012 £286.5m). This loan has been assessed by the directors as recoverable (note 27)

Currency risk

The group is exposed to foreign exchange risk on overseas purchasing, but only approximately 10.0% (2012 11.0%) of the group's purchases are contracted in a foreign currency. Transaction exposures are hedged partially using forward currency contracts or currency options, up to one year in advance. Additionally, the group accepts foreign currency in the Knightsbridge store and airport outlets and retains this currency to settle foreign currency obligations

Harrods Group (Holding) Limited

Directors' Report for the Period from 29 January 2012 to 2 February 2013

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Employee involvement

Information is provided regularly by means of normal management communication channels using written material, face-to-face meetings and team presentations

Consultation with employees takes place through staff committees, health and safety committees and through normal recognised trade union channels. Employees are made aware of their contribution to the group through team meetings and updates as well as through individual performance appraisals

Employment of disabled persons

It is the policy of the group to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons

Charitable donations

The charitable donations made by the group and charged in the financial statements were £0.1m (2012 £0.1m). In addition, during the period the group supported various charities by hosting fundraising events within the Harrods store in Knightsbridge. There were no political donations.

Payment of creditors

It is the group'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 group's policy is to pay suppliers within 30 days after the end of the month of receipt of goods or services.

The group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. At period end the number of days payable outstanding was 32 days (2012 31 days).

Harrods Group (Holding) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' 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 group and the company and of the profit or loss of the group 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 16 July 2013 and signed on its behalf by



J M Goldberg
Company secretary

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

Independent Auditor's Report to the Members of Harrods Group (Holding) Limited

We have audited the financial statements of Harrods Group (Holding) Limited for the period from 29 January 2012 to 2 February 2013 which comprises the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 28. 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 4), 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 group's and parent 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 group's and of the parent company's affairs as at 2 February 2013 and of the group's profit 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.


**Independent Auditor's Report to the Members of
Harrods Group (Holding) 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Date *26 July 2013*

Harrods Group (Holding) Limited
Consolidated Profit and Loss Account for the Period from 29 January 2012 to 2
February 2013

	Note	53 weeks ended 2 February 2013 Total £m	52 weeks ended 28 January 2012 Total £m
Turnover	2	765 4	696 0
Cost of sales		<u>(345 2)</u>	<u>(314 0)</u>
Gross profit		420 2	382 0
Distribution costs		(274 1)	(250 7)
Administrative expenses		(47 1)	(39 8)
Other income	3	<u>23 4</u>	<u>21 2</u>
Operating profit	3	122 4	112 7
Non-operating exceptional items	4	(1 4)	2 5
Interest receivable	5	2 0	1 5
Interest payable	6	<u>(30 5)</u>	<u>(25 7)</u>
Profit on ordinary activities before taxation		92 5	90 9
Tax on profit on ordinary activities	9	<u>(26 2)</u>	<u>(26 5)</u>
Profit on ordinary activities after taxation		66 3	64 4
Minority interest		<u>(0 5)</u>	<u>-</u>
Profit for the financial period	21	<u><u>65 8</u></u>	<u><u>64 4</u></u>

All transactions derive wholly from continuing operations


Harrods Group (Holding) Limited
Consolidated Statement of Total Recognised Gains and Losses for the Period from 29
January 2012 to 2 February 2013

	Note	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Profit for the financial period		65 8	64 4
Actuarial loss recognised on defined benefit pension scheme net of deferred tax		(14 9)	(17 1)
Current tax relief on pension scheme		3 6	4 4
Total recognised gains and losses relating to the period		<u>54 5</u>	<u>51 7</u>

Harrods Group (Holding) Limited
Consolidated Balance Sheet at 2 February 2013

	Note	2 February 2013 £m	28 January 2012 £m
Fixed assets			
Intangible fixed assets	12	466 3	476 6
Tangible fixed assets	13	231 8	207 3
Investments	14	-	9 2
		<u>698 1</u>	<u>693 1</u>
Current assets			
Stocks	15	89 4	80 4
Debtors	16	351 2	335 0
Harrods Bank advances to customers	16	18 1	-
Cash at bank and in hand		<u>205 4</u>	<u>118 5</u>
		664 1	533 9
Creditors Amounts falling due within one year	17	(1,216 1)	(1,128 3)
Harrods Bank customers deposits	17	<u>(56 8)</u>	<u>-</u>
Net current liabilities		<u>(608 8)</u>	<u>(594 4)</u>
Total assets less current liabilities		89 3	98 7
Creditors Amounts falling due after more than one year	18	(307 5)	(298 9)
Provisions for liabilities	19	<u>(8 1)</u>	<u>(9 2)</u>
Net liabilities		<u>(226 3)</u>	<u>(209 4)</u>
Capital and reserves			
Called up share capital	20	39 2	39 2
Profit and loss account	21	<u>(266 8)</u>	<u>(248 6)</u>
Shareholders' deficit	22	(227 6)	(209 4)
Minority interest		<u>1 3</u>	<u>-</u>
Capital employed		<u>(226 3)</u>	<u>(209 4)</u>

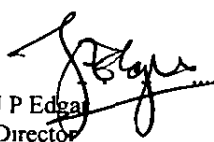
Approved by the Board on 16 July 2013 and signed on its behalf by


J P Edge
Director

Harrods Group (Holding) Limited
(Registration number: 5990648)
Balance Sheet at 2 February 2013

	Note	2 February 2013 £m	28 January 2012 £m
Fixed assets			
Investments	14	<u>38 4</u>	<u>39 2</u>
Current assets			
Debtors	16	107 5	48 9
Cash at bank and in hand		<u>39 7</u>	<u>29 0</u>
		147 2	77 9
Creditors Amounts falling due within one year	17	<u>(146 2)</u>	<u>(77 6)</u>
Net current assets		<u>1 0</u>	<u>0 3</u>
Net assets		<u>39 4</u>	<u>39 5</u>
Capital and reserves			
Called up share capital	20	39 2	39 2
Profit and loss account	21	<u>0.2</u>	<u>0 3</u>
Shareholders' funds	22	<u>39 4</u>	<u>39 5</u>

Approved by the Board on 16 July 2013 and signed on its behalf by


J P Edgar
Director

Harrods Group (Holding) Limited
Consolidated Cash Flow Statement for the Period from 29 January 2012 to 2 February
2013

Reconciliation of operating profit to net cash flow from operating activities

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Operating profit	122.4	112.7
Depreciation, amortisation and impairment charges	37.5	31.4
Increase in stocks	(9.0)	(13.3)
Increase in debtors	(38.4)	(11.3)
Increase in creditors	40.5	13.5
Harrods Bank customer deposits acquired on first consolidation	56.8	-
(Decrease)/increase in provisions	(1.5)	0.4
Receipt/(release) of deferred income	3.3	(0.9)
Defined benefit pension contributions	(15.0)	(17.1)
Adjustment on first consolidation of Harrods Bank	6.5	-
Minority interests share of the operating profit	(0.5)	-
Net cash inflow from operating activities	<u>202.6</u>	<u>115.4</u>

Harrods Group (Holding) Limited
Consolidated Cash Flow Statement for the Period from 29 January 2012 to 2 February
2013

..... *continued*

Cash flow statement

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Net cash inflow from operating activities	202 6	115 4
Returns on investments and servicing of finance		
Interest received	2 0	1 4
Interest paid	(53 0)	(0 7)
	(51 0)	0 7
Tax paid	(20 4)	(17 8)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(55 1)	(112 3)
Sale of tangible fixed assets	0 2	3 3
	(54 9)	(109 0)
Acquisitions and disposals		
Acquisition of investments in subsidiary undertakings (note 14)	-	(1 0)
Disposal of investments in subsidiary undertakings	0 8	-
	0 8	(1 0)
Equity dividends paid	(40 0)	-
Net cash inflow/(outflow) before management of liquid resources and financing	37 1	(11 7)
Financing		
New loans obtained from group undertakings	57 5	-
Repayment of loans and borrowings	(5 8)	(2 3)
Repayment of capital element of finance leases and Hire Purchase contracts	(1 9)	(0 5)
	49 8	(2 8)
Increase/(decrease) in cash	86 9	(14 5)

Harrods Group (Holding) Limited
Consolidated Cash Flow Statement for the Period from 29 January 2012 to 2 February
2013

..... *continued*

Reconciliation of net cash flow to movement in net debt

	Note	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Increase/(decrease) in cash		86.9	(14.5)
Cash (inflow)/outflow from (increase)/decrease in loans		(51.7)	2.3
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>1.9</u>	<u>0.5</u>
Change in net debt resulting from cash flows	26	<u>37.1</u>	<u>(11.7)</u>
 Movement in net debt	26	 37.1	 (11.7)
Net debt at start of period	26	<u>(1,031.1)</u>	<u>(1,019.4)</u>
Net debt at end of period	26	<u>(994.0)</u>	<u>(1,031.1)</u>

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

1 Accounting policies

Basis of preparation

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

The group has a deficit of shareholders funds at 2 February 2013. The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of the £891.6m loan without first ensuring that the group has adequate funds to meet its obligations as they fall due.

The principal accounting policies of the group are set out below.

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiary undertakings.

Goodwill arising on consolidation, representing the cost of an acquired entity over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated economic life.

Given the uniqueness and longevity of the Harrods store and brand, backed up by the high level of on going investment, marketing spend and the long lease of the iconic Harrods building in Knightsbridge, the directors believe that a longer rather than a shorter period of time over which to amortise the goodwill on consolidation is more appropriate for the purpose of giving a true and fair view of the results and performance of the group. While no end to the useful economic life of the group's investment in Harrods companies can be predicted, the directors have opted to amortise the goodwill on consolidation over 50 years rather than adopt the UK GAAP presumption of a maximum useful economic life of 20 years.

As required by FRS11, annual impairment review of goodwill capitalised is undertaken by the group.

Turnover

Turnover is the total amount receivable by the group for goods and services provided, excluding VAT, trade discounts and concession sales. When a transaction involves a number of goods and services, these are separately identified and income is recognised when earned.

Concession sales

In calculating turnover a distinction is made between transactions where the seller is deemed to act as principal and those where it is agent. Where concessionaires sell their goods through the group's retail operations, the group is considered to act as an agent. Accordingly, only commission and other income receivable from the concessionaires is presented within turnover.

Estimated sales returns

Turnover excludes the sales value of estimated returns. The group has recognised a provision for estimated refunds, representing an estimate of the value of the goods sold during the year which will be returned and refunded after the year end date.

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Fixed asset investments

The group and the company account for their fixed asset investments at the lower of cost or directors' valuation less any provision required for permanent diminution in value

Tangible Fixed Assets and Depreciation

All tangible fixed assets are stated at cost less accumulated depreciation. Fit out expenditure is stated net of supplier and concession contributions where relevant

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

Land	Not depreciated
Freehold and long leasehold properties	25 – 50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3 - 20 years
Vehicles and equipment	4 - 7 years

Goodwill

Goodwill is amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of each financial year

Leased assets

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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

Stock and work in progress

Stocks are stated at the lower of cost and net realisable value using weighted average cost

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the group 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.

Deferred tax relating to defined benefit pension scheme surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or at contracted forward rates. Transactions in foreign currency are translated at exchange rates ruling at the transaction date or at contracted forward rates. Realised gains and losses are dealt with in the profit and loss account.

Loyalty points

Loyalty points are treated as a deduction in sales as part of the fair value of consideration received is deferred and subsequently recognised when the award is redeemed. The fair value of the points awarded is determined with reference to the fair value of the customer redemption rate. In the prior year, loyalty points were accounted for using a cost based model.

Retirement benefit obligations

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

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

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/group. 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 settlements 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 recognised gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS17 in note 25 to the accounts.

2 Turnover

An analysis of turnover by geographical location is given below.

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Sales - UK	757.9	690.2
Sales - Europe	0.1	0.2
Sales - Rest of world	6.9	5.6
Sales - Harrods Bank	0.5	-
	<u>765.4</u>	<u>696.0</u>

Harrods Bank turnover figures include only income earned after control was granted to the group (from 6 September 2012)

All costs are incurred in the United Kingdom and all operating assets are held in the United Kingdom

3 Operating profit

Operating profit is stated after charging

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Operating lease - rent payable to related party (note 27)	45.6	42.6
Depreciation of owned assets	27.2	21.1
Amortisation of goodwill	10.3	10.3
Repairs to historic terracotta facade	2.1	1.5
Auditor's remuneration	0.4	0.5
Advertising, royalties and rebate income	<u>(23.4)</u>	<u>(21.2)</u>

4 Exceptional items

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Exceptional items		
Profit on sale of fixed assets investments	-	2.9
Loss on disposal of tangible fixed assets	(1.6)	(0.5)
Profit on sale of property	0.2	0.1
	<u>(1.4)</u>	<u>2.5</u>

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

5 Other interest receivable and similar income

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Bank interest receivable	<u>2 0</u>	<u>1 5</u>

6 Interest payable and similar charges

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Interest on bank and other borrowings	0 5	0 7
Interest on loan from related party	<u>30 0</u>	<u>25 0</u>
Group interest payable and similar charges	<u>30 5</u>	<u>25 7</u>

7 Particulars of employees

The average number of persons employed by the group (including directors) during the period, analysed by category was as follows

	53 weeks ended 2 February 2013 No.	52 weeks ended 28 January 2012 No.
Administration and support	186	146
Production	602	557
Sales, marketing and distribution	<u>3,218</u>	<u>3,046</u>
	<u>4,006</u>	<u>3,749</u>

The aggregate payroll costs were as follows

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Wages and salaries	128 0	119 2
Social security costs	13 7	13 1
Staff pensions	3 8	3 6
	<u>145 5</u>	<u>135 9</u>

The company had no employees except for directors during the period ended 2 February 2013 or 28 January 2012

8 Directors' remuneration

The directors' remuneration for the period was as follows

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Remuneration	<u>1 9</u>	<u>1 8</u>
	<u><u>1.9</u></u>	<u><u>1.8</u></u>

There are no pension contributions included in emoluments for the period ended 2 February 2013 or 28 January 2012. The value of emoluments incurred directly by the company was £0.1m (2012: £nil). Emoluments incurred by the group's subsidiary undertakings were £1.8m (2012: £1.8m).

There are nil directors to whom retirement benefits are accruing under a defined benefit pension scheme (2012: nil) and 1 director to whom retirement benefits are accruing under a defined contribution scheme (2012: 1).

The remuneration of the highest paid director was £1.5m (2012: £1.2m).

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February
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9 Taxation

Tax on profit on ordinary activities

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Current tax		
Corporation tax charge	22.5	12.7
Adjustments in respect of previous years	(0.3)	(0.9)
Double taxation relief	-	0.1
Group relief payable	-	7.6
Total current tax	<u>22.2</u>	<u>19.5</u>
Deferred tax		
Origination and reversal of timing differences	0.4	2.1
Deferred tax adjustment relating to previous years	-	0.5
Group deferred tax	<u>0.4</u>	<u>2.6</u>
Tax included in the statement of total recognised gains and losses		
Current tax relief on pension scheme	<u>3.6</u>	<u>4.4</u>
Total	<u>3.6</u>	<u>4.4</u>
	<u>4.0</u>	<u>7.0</u>
Total tax on profit on ordinary activities	<u><u>26.2</u></u>	<u><u>26.5</u></u>

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24.33% (2012 - 26.32%)

The differences are reconciled below

	53 weeks ended 2 February 2013 £m	52 weeks ended 28 January 2012 £m
Profit on ordinary activities before taxation	92.5	90.9
Corporation tax at standard rate	22.5	23.9
Capital allowances in excess of depreciation	(1.2)	(1.0)
Transfer pricing adjustments	0.1	0.1
Other provision in respect of prior years	-	(1.0)
Income and expenses assessed on a cash basis	(3.5)	(2.6)
Expenses not deductible for tax purposes	4.6	0.1
Adjustments for prior periods	(0.3)	-
Total current tax	22.2	19.5

10 Company profit and loss account

As permitted by section 408 of the Companies Act 2006 the profit and loss account of Harrods Group (Holding) Limited is not presented as part of these financial statements. The result for the period after taxation amounted to £68.5m profit (2012: £78.0m)

11 Dividends

	2 February 2013 £m	28 January 2012 £m
Dividends proposed and recognised in the accounts		
Interim dividend	-	67.5
Final dividend	68.6	10.0
	68.6	77.5

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February
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12 Intangible fixed assets

Given the uniqueness and longevity of the Harrods store and brand the Group has adopted an economic life of goodwill of 50 years

As required by FRS 11, an impairment review of goodwill capitalised has been undertaken by the group which confirms the appropriateness of the carrying value

Group

	Goodwill £m
Cost	
At 29 January 2012	798 9
At 2 February 2013	798 9
Amortisation and impairment	
At 29 January 2012	322 3
Amortisation charge for the period	10 3
At 2 February 2013	332 6
Net book value	
At 2 February 2013	466 3
At 28 January 2012	476 6

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February
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13 Tangible fixed assets

Group

	Freehold land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Other tangibles £m	Total £m
Cost or valuation					
At 29 January 2012	53.8	95.3	104.8	90.2	344.1
Harrods Bank opening balance	-	-	1.2	-	1.2
Additions/Reallocations	(8.5)	34.0	71.9	(44.0)	53.4
Disposals	(0.7)	(3.6)	(7.7)	-	(12.0)
At 2 February 2013	44.6	125.7	170.2	46.2	386.7
Depreciation					
At 29 January 2012	0.4	57.8	72.3	6.4	136.9
Harrods Bank opening balance	-	-	1.1	-	1.1
Charge for the period	0.6	8.9	16.7	1.0	27.2
Eliminated on disposals	-	(3.6)	(6.7)	-	(10.3)
At 2 February 2013	1.0	63.1	83.4	7.4	154.9
Net book value					
At 2 February 2013	43.6	62.6	86.8	38.8	231.8
At 28 January 2012	53.4	37.5	32.6	83.8	207.3

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

14 Investments held as fixed assets

Consolidated

	Unlisted investments £m
Cost	
At 28 January 2012	9 2
Adjustment on first consolidation of Harrods Bank	(9 2)
At 2 February 2013	<u><u>-</u></u>

Company

	2 February 2013 £m	28 January 2012 £m
Shares in group undertakings and participating interests	<u>38 4</u>	<u>39 2</u>

Shares in group undertakings and participating interests

	Total £m
Cost	
At 29 January 2012	39 2
Disposals	(0 8)
At 2 February 2013	<u>38 4</u>
Net book value	
At 2 February 2013	<u><u>38 4</u></u>

On 4 May 2012, the company sold 2% of its shareholding in QH Participations Limited to Beauchamp Company No 2 Limited, a company registered in the Isle of Man and under the common control of the group's ultimate parent undertaking for its nominal value (£0 8m)

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February
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Unlisted investments:

Harrods Limited has owned the shares of Harrods Bank Limited for a number of years, but as it had no control of the Bank, it was accounted for as an unlisted investment. On 6 September 2012, the FSA granted Harrods Limited control of the Bank. From that date onwards, the Bank's results and position have been consolidated into the Group's financial statements. There was no consideration paid. The following is the fair value of the assets at the acquisition date, which were materially the same as book value.

Fixed Assets

Tangible fixed assets	0.1
	<u>0.1</u>

Current Assets

Debtors: Advances to customers	19.0
Other debtors	6.5
Cash	56.2
	<u>81.7</u>

Creditors: Amounts falling < 1 year

Customers deposits	(58.1)
Other creditors	(0.8)
Net current assets	<u>22.8</u>
Total assets less current liabilities	22.9

Creditors: Amounts falling > 1 year

Net assets	<u>8.9</u>
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Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Principal subsidiaries:

Name	Country of registration	Nature of business Principal activity
Operating at 2 February 2013		
QH Participations Limited *	England and Wales	Holding company
QH Partners Limited	England and Wales	Holding company
QH Enterprises Holdings Limited	England and Wales	Holding Company
Harrods Holdings Limited	England and Wales	Holding company
Harrods (UK) Limited	England and Wales	Holding company
Harrods Limited	England and Wales	Department store
Harrods International Limited	England and Wales	Tax free retailer and wholesaler
Harrods Estates Limited	England and Wales	Estate agents
Harrods Watches Limited	England and Wales	Purchasing company
PL Management Limited	England and Wales	Property management
Harrods Commercial Property Limited	England and Wales	Property management
Genavco Insurance Limited	England and Wales	Insurance broker
Air Harrods Limited	England and Wales	Non-scheduled air transport
Harrods Aviation Limited	England and Wales	Aircraft handling and maintenance service
Harrods Corporate Management Limited	England and Wales	Licensing of trademarks
Harrods Bank Limited	England and Wales	Banking

*98% of the issued ordinary share capital in these companies is owned by Harrods Group (Holding) Ltd

15 Stocks

	Group		Company	
	2 February 2013	28 January 2012	2 February 2013	28 January 2012
	£m	£m	£m	£m
Finished goods for resale	86 7	79 2	-	-
Spare parts and consumables	1 1	0 9	-	-
Work in progress	1 6	0 3	-	-
	<u>89 4</u>	<u>80 4</u>	<u>-</u>	<u>-</u>

Of the £89 4m goods held for re-sale a lien over inventory of £74 4m (2012 £69 4m) has been granted to the trustee of the group's defined benefit pension scheme

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

16 Debtors

	Group		Company	
	2 February 2013	28 January 2012	2 February 2013	28 January 2012
	£m	£m	£m	£m
Trade debtors	26.3	25.0	-	-
Amounts owed by group undertakings	0.2	-	107.5	48.9
Amounts owed by related party	296.8	291.1	-	-
Harrods Bank advances to customers	18.1	-	-	-
Prepayments and accrued income	27.9	18.9	-	-
	<u>369.3</u>	<u>335.0</u>	<u>107.5</u>	<u>48.9</u>

As detailed in note 27, Harrods Limited, a group company, has made a loan to Harrods Property Limited, which is under the common control of the group's ultimate parent undertaking. The debt is non-interest bearing and is repayable on demand by the lender. As at 2 February 2013, the balance outstanding was £286.5 million (2012 £286.5 million). For the purposes of the group's tax calculation, an imputed interest charge is recognised as a non-cash transfer.

Group debtors includes £303.3m (2012 £289.3m) receivable after more than one year and parent company debtors includes £nil (2012 £nil) receivable after more than one year, analysed as follows:

	Group		Company	
	2 February 2013	28 January 2012	2 February 2013	28 January 2012
	£m	£m	£m	£m
Amounts owed by related party	286.5	286.5	-	-
Other debtors	8.7	2.8	-	-
Harrods Bank advances to customers	8.1	-	-	-
	<u>303.3</u>	<u>289.3</u>	<u>-</u>	<u>-</u>

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

17 Creditors: Amounts falling due within one year

	Group		Company	
	2 February 2013	28 January 2012	2 February 2013	28 January 2012
	£m	£m	£m	£m
Trade creditors	107.0	89.5	-	-
Bank loans and overdrafts	0.3	1.4	-	-
Amounts owed to a related party	891.6	848.2	-	-
Amounts owed to group undertakings	107.6	77.5	146.1	77.5
Corporation tax	9.7	7.5	-	-
Other taxes and social security	6.0	6.0	-	-
Other creditors	29.4	42.7	-	-
Harrods Bank customers deposits	56.8	-	-	-
Accruals and deferred income	64.5	55.5	0.1	0.1
	<u>1,272.9</u>	<u>1,128.3</u>	<u>146.2</u>	<u>77.6</u>

On 1 April 2011, the related party loan was refinanced through a new long term related party loan of £848.2 million, one tranche of which being interest bearing on normal market terms and the second tranche being interest free. During the year ended 2 February 2013, a further £3.5m was drawn down on the same facility. An additional loan facility of £40m was granted being non-interest bearing which was fully drawn down.

18 Creditors: Amounts falling due after more than one year

	Group		Company	
	2 February 2013	28 January 2012	2 February 2013	28 January 2012
	£m	£m	£m	£m
Bank loans and overdrafts	0.9	-	-	-
Other loans	302.1	293.6	-	-
Obligations under finance lease and hire purchase contracts	4.5	5.3	-	-
	<u>307.5</u>	<u>298.9</u>	<u>-</u>	<u>-</u>

As detailed in note 27, the group has been granted loans from related parties, under the common control of the group's ultimate parent undertaking.

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

19 Provisions

Group

	Deferred tax £m	Other provisions £m	Total £m
At 29 January 2012	2 6	6 6	9 2
Charged/(credited) to the profit and loss account	<u>0 5</u>	<u>(1 6)</u>	<u>(1 1)</u>
At 2 February 2013	<u>3 1</u>	<u>5 0</u>	<u>8 1</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 group's recognised deferred tax liability by £0.5m.

Analysis of deferred tax

	2 February 2013 £m	28 January 2012 £m
Accelerated capital allowances	4 3	3 6
Other timing differences	<u>(1 2)</u>	<u>(1 0)</u>
	<u>3 1</u>	<u>2 6</u>

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

20 Share capital

	Consolidated 2 February 2013	Consolidated 28 January 2012	Company 2 February 2013	Company 28 January 2012
	£m	£m	£m	£m
Authorised:				
39,215,000 ordinary shares of £1 each	39.2	39.2	39.2	39.2
Allotted and fully paid				
39,215,000 ordinary shares of £1 each	39.2	39.2	39.2	39.2
	<u>39.2</u>	<u>39.2</u>	<u>39.2</u>	<u>39.2</u>

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February
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21 Reserves

Group

	Profit and loss account £m
At 29 January 2012	(248 6)
Profit for the period	65 8
Dividends	(70 0)
Actuarial loss on pension schemes	(14 9)
Deferred tax relating to actuarial gain/loss on pension schemes	3 6
Reserve movement on consolidation of Harrods Bank	(2 7)
At 2 February 2013	<u>(266 8)</u>

Company

	Profit and loss account £m
At 29 January 2012	0 3
Profit for the period	68 5
Dividends	(68 6)
At 2 February 2013	<u>0 2</u>

Harrods Group (Holding) Limited
Notes to the Financial Statements for the Period from 29 January 2012 to 2 February
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22 Reconciliation of movement in shareholders' funds

Group

	2 February 2013 £m	28 January 2012 £m
Profit attributable to the members of the group	65 8	64 4
Other recognised (losses)/gains relating to the period	(11 3)	(12 7)
Dividends	(70 0)	(77 6)
Reserves movement on first consolidation of Harrods Bank	(2 7)	-
Net reduction to shareholders' funds	(18 2)	(25 9)
Shareholders' deficit at start of period	(209 4)	(183 5)
Shareholders' deficit at end of period	<u>(227 6)</u>	<u>(209 4)</u>

Company

	2 February 2013 £m	28 January 2012 £m
Profit attributable to the members of the company	68 5	78 0
Dividends	(68 6)	(77 5)
Net (reduction)/addition to shareholders' funds	(0 1)	0 5
Shareholders' funds at start of period	39 5	39 0
Shareholders' funds at end of period	<u>39 4</u>	<u>39 5</u>

23 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £15 8m (2012 £18 3m)

Other Commitments

At 2 February 2013 the company had commitments under concession agreements with the Heathrow Airport Limited and Gatwick Airport Limited which were contracted for but not provided for in these financial statements of £6 7m, (2012 £6 0m)

Harrods Group (Holding) Limited
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Operating lease commitments

Group

As at 2 February 2013 the group had annual commitments under non-cancellable operating leases as follows

	2 February 2013 £m	28 January 2012 £m
Land and buildings		
Within one year	0.1	0.0
Within two and five years	0.4	1.4
Over five years	48.5	46.6
	<u>49.0</u>	<u>48.0</u>
Other		
Within one year	-	0.5
Within two and five years	2.1	1.5
Over five years	0.1	0.6
	<u>2.2</u>	<u>2.6</u>

Included in the land and building leases expiring over five years is a lease for £45.8m (2012: £44.6m) with a related party (note 27)

24 Contingent liabilities

The group uses derivative financial instruments during the period to manage its foreign exchange exposure to the Euro, US dollar and Japanese Yen. Through its hedging activities the group seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rates. The exposure on outstanding forward foreign exchange contracts at the period end was £46.6m (2012: £35.2m) and their fair value was £2.4m (2012: -£0.8m) based on exchange rates prevailing at the period end.

The group is not aware of any material contingent liabilities existing at the balance sheet date. The group is involved in litigation in the ordinary course of business. However, in the opinion of the directors, no material losses in excess of provisions made are likely to arise.

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

Harrods Group (Holding) Limited
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25 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the group to the scheme and amounted to £3.8m (2012: £3.6m).

Contributions totalling £0.6m (2012: £0.5m) were payable to the scheme at the end of the period and are included in creditors.

Defined benefit pension scheme

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).

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 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 £m	28 January 2012 £m
Fair value of scheme assets	453 8	422 3
Present value of scheme liabilities	(446 6)	(419 7)
	7 2	2 6
Irrecoverable surplus	(7 2)	(2 6)
Net asset/(liability) in the balance sheet	-	-

Scheme assets

Changes in the fair value of scheme assets are as follows

	29 January 2012 to 2 February 2013 £m	30 January 2011 to 28 January 2012 £m
Fair value at start of period	422 3	394 1
Expected return on assets	19 5	20 5
Actuarial gains and losses	8 6	3 4
Employer contributions	15 0	17 1
Benefits paid	(13 7)	(12 7)
Transfers	2 1	(0 1)
Fair value at end of period	453 8	422 3

Following the grant of control by the FSA to Harrods Limited of Harrods Bank Limited, the Bank's share of the pension plan's assets and liabilities have now been consolidated into the group's figures. An adjustment of the opening balance in relation to the Bank's share has been made under the "Transfers" line

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Analysis of assets

The major categories of scheme assets are as follows

	2 February 2013 £m	28 January 2012 £m
Equity instruments	148.1	129.9
Debt instruments	185.3	166.4
Cash	34.9	62.5
Other assets	85.5	63.5
	<u>453.8</u>	<u>422.3</u>

Actual return on scheme's assets

	2 February 2013 £m	28 January 2012 £m
Actual return on scheme assets	<u>28.1</u>	<u>23.9</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

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

	29 January 2012 to 2 February 2013 £m	30 January 2011 to 28 January 2012 £m
Present value at start of period	419.7	372.7
Actuarial gains and losses	18.9	39.2
Interest cost	19.5	20.5
Benefits paid	(13.7)	(12.7)
Transfers	2.2	-
Present value at end of period	<u>446.6</u>	<u>419.7</u>
Analysed as:		
Present value arising from wholly or partly funded schemes	<u>446.6</u>	<u>419.7</u>

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows

	2 February 2013 %	28 January 2012 %
Discount rate	4.6	4.7
Future pension increases	2.6	2.3
Inflation	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

	2 February 2013 Years	28 January 2012 Years
Current pensioners at retirement age - male	27.9	28.3
Current pensioners at retirement age - female	30.2	30.9
Future pensioners at retirement age - male	30.4	31.5
Future pensioners at retirement age - female	32.7	34.1

Amounts recognised in the profit and loss account

	29 January 2012 to 2 February 2013 £m	30 January 2011 to 28 January 2012 £m
Amounts recognised in operating profit		
Recognised in arriving at operating profit	-	-
Amounts recognised in other finance cost		
Interest cost	19.5	20.5
Expected return on scheme assets	(19.5)	(20.5)
Recognised in other finance cost	-	-
Total recognised in the profit and loss account	-	-

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Amounts recognised in the statement of total recognised gains and losses

	29 January 2012 to 2 February 2013 £m	30 January 2011 to 28 January 2012 £m
Actual return less expected return on scheme assets	8 6	3 4
Impact of irrecoverable surplus	(4 6)	18 7
Changes in assumptions	(18 9)	(39 2)
Actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	(14 9)	(17 1)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains/(losses) since 1 January 2002 is (£101 8m) (2012 (£86 9m))

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows

	2 February 2013 £m	28 January 2012 £m	29 January 2011 £m	30 January 2010 £m
Fair value of scheme assets	453 8	422 3	394 1	337 2
Present value of scheme liabilities	(446 6)	(419 7)	(372 7)	(354 4)
Surplus/(deficit) in scheme	7 2	2 6	21 4	(17 2)
Experience adjustments				
	2 February 2013 £m	28 January 2012 £m	29 January 2011 £m	30 January 2010 £m
Experience adjustments arising on scheme assets	8 6	3 4	8 9	31 0
Experience adjustments arising on scheme liabilities	(1 3)	-	-	-

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

26 Analysis of net debt

	At 29 January 2012 £m	Cash flow £m	At 2 February 2013 £m
Cash at bank and in hand	118 5	86 9	205 4
Debt due within one year	(849 6)	(42 3)	(891 9)
Debt due after more than one year	(293 6)	(9 4)	(303 0)
Finance leases and hire purchase contracts	(6 4)	1 8	(4 5)
Net debt	<u>(1,031 1)</u>	<u>37 1</u>	<u>(994 0)</u>

27 Related party transactions

The group has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings

Through its wholly owned subsidiary of Harrods Limited, the group has a subordinated loan to Harrods Property Limited, a company under common control, amounting to £286 5m (2012 £286 5m)

Harrods Limited is the tenant under a lease with Harrods Property Limited which is for a term of 35 years from December 2006. This lease covers the Harrods store in Knightsbridge and a number of ancillary Harrods properties used for trading operations. During the period the company was charged rent of £45 6m (2012 £42 6m) by Harrods Property Limited. At the period end, the balance of prepaid rent was £3 4m (2012 £3 9m).

As at the beginning of the financial year (29 January 2012), QH Participations Limited had a loan facility agreement with Qatar Holding LLC, the ultimate controlling party, for £862m of which £848 2m had been drawn down. Under the terms of the loan arrangement, the facility was structured into two tranches, the first for £480m being interest bearing at a rate of 6 25% per annum, and the second tranche of £382m being interest free. The assigned loan (£848 2m) utilised the full draw down facility on the interest bearing tranche (£480m) and £368 2m of the interest-free tranche.

During the year ended 2 February 2013, a total of £27 5m of interest was paid and £2 5m was accrued (2012 £25 0m accrued). The prior year interest payable of £25 0m was also paid during the year.

Also during the year ended 2 February 2013, a further £3 5m was drawn down on the interest free tranche of the loan. In addition, on the 31st of January 2013, a further interest free facility of £40m was granted by Qatar Holding LLC which was fully drawn down. The outstanding balance at the end of the year was £891 6m (2012 £848 2m).

QH Partners Limited was granted a loan from Harrods Property Limited in December 2006. The debt is non-interest bearing and is repayable with not less than 12 months' notice by the lender. At the period end, the loan outstanding was £267 1m (2012 £269 1m).

QH Enterprises Holdings Limited has been granted a loan from QH Property Holdings Limited, which is under the common control of the company's ultimate parent undertaking. The debt is non-interest bearing and is repayable with not less than 13 months notice in writing by the lender. At the period end, the loan outstanding, including interest was £24 6m (2012 £24 6m).

Harrods Group (Holding) Limited

Notes to the Financial Statements for the Period from 29 January 2012 to 2 February 2013

Harrods Bank Limited was granted a subordinated loan on 21 May 2010 by Qatar Holding Luxembourg II SARL, whose ultimate parent company is Qatar Holding LLC. At the time that control of the Bank was granted to the Group (6 September 2012), the balance of the loan was £14m, but during the remaining period ending 2 February 2013, the Bank repaid £3.5m of this loan. Accrued interest of £0.1m (2012: £0.1m) was owed to Qatar Holding Luxembourg II SARL, in respect of the loan.

There are no other material related party transactions.

28 Ultimate parent undertaking

The company's immediate parent undertaking is QH Property Holdings Limited, a company incorporated in Bermuda.

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.