AIT UK HOLDINGS LIMITED (formerly FEATURECODE 3 LIMITED)

FINANCIAL STATEMENTS

For the Period ended 31 JANUARY 2009

Company no 5990648

For the period ended 31 JANUARY 2009

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Company no 5990648

Incorporation

The company was incorporated on 7 November 2006. It had remained a non-trading company until its acquisitions as detailed in the Business Review section below.

The directors present their report together with the audited consolidated financial statements for the period ended 31 January 2009. The comparative period is for the period from incorporation to 2 February 2008.

Principal activities

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 and through catalogues. The group also operates in the real estate business through Harrods Estates and operates an insurance broker, Genavco Insurance Limited.

Business Review

On 2 April 2008, the group purchased the Harrods Holdings Group for £901.5 million from AIT Property Holdings Limited, the company's immediate parent undertaking (note 30). The group comprises, Harrods Holdings Limited and its subsidiaries. Further details of the acquisition are discussed in note 24.

On 2 April 2008, the group also purchased the AIT Enterprises Group for £20.4 million from AIT Property Holdings Limited, the company's immediate parent undertaking (note 30). The group comprises Harrods Aviation Holdings Limited, Harrods Leisure Holdings Limited and a number of non-trading entities. Further details in note 24.

Results of ordinary activities before exceptional items and key performance indicators

Group sales (on a transaction value basis) reached £700.4 million during the period ended 31 January 2009 - a very strong performance set against the tumultuous events of 2008.

A number of factors have contributed to the sales growth including the success of the Knightsbridge store's customer loyalty programme, continued capital investment into the store and the introduction of new brands and boutiques.

Take-up of the Harrods store loyalty programme continued to be strong during the period, its second complete year. A significant number of new customers signed up, allowing them to benefit from the special services, offers and privileges of the Rewards programme.

Group capital expenditure on fixtures, fittings and equipment in the period totalled £23.2 million. In addition to this sum, Harrods benefited from the value of the very significant spend on shop fittings invested by partner brands.

Results of ordinary activities before exceptional items (continued)

A number of retail areas within the Knightsbridge store were opened or refurbished during the year, including those offering homewares, new boutiques in fashion, especially menswear, and a new champagne bar. The year also saw the commencement of trading of the Harrods shops in Heathrow's Terminal 5, including the ground-breaking Grand View Central store. Trading commenced on time at the end of March 2008 upon the opening of Terminal 5. Capital was also spent on operational processes including improving warehousing operations in Knightsbridge and ensuring compliance with the new Payment Card Industry Data Security Standard. The cost of the restoration of the terracotta façade to the whole of the front of the Knightsbridge store in 2008 has been included as an exceptional cost.

Further investments are also planned for 2009, including completion of the 18-month renewal of the menswear floors, the continued refurbishment of the Knightsbridge store's famous terracotta façades and new investment into the group's branded and own label operations at Heathrow Terminal 4. A programme of significant infrastructural work is also being undertaken, including an upgrade of Knightsbridge store's security systems and its heating and air conditioning plant.

Finally, customer service improvements continued to be delivered by the high quality staff employed by Harrods and its concession partners, providing a further point of difference to shopping at Harrods – both in the Knightsbridge store and in the airport outlets.

With the very volatile economy and trading conditions, the group has continued to adopt a cautious approach to managing costs and to conserving liquidity. The adverse impact of the high level of inflation during the year, energy price increases and the sudden fall in value of the pound seen in the first half of the year has in part been mitigated by a constant focus on costs and margins, including negotiations to hold or reduce costs as inflation subsided in the fourth quarter and beyond.

Profit on ordinary activities before exceptional items and tax totalled £34.1 million – a very strong performance in a year of many uncertainties. In addition to the activities already mentioned, much of the credit for this result must lie with the staff and teams who worked in and with the group companies during this period.

Exceptional items

The valuation of the company's direct and indirect investment in Harrods Holdings Limited is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly over the course of 2008 which in turn has led to an impairment in the value of goodwill on acquisition, for which an exceptional charge (£282.7 million) has been recorded in the period.

Principal business risks and uncertainties

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

(i) Adverse economic conditions and other major events outside Harrods' control

(ii) Damage or interruption due to natural disaster, war and terrorist activity

(iii) Damage, loss or interruption of information systems

(iv) The cost of funding pension scheme liabilities

(v) Adverse movements in the euro and US dollar exchange rates

Principal business risks and uncertainties (continued)

These risks are monitored regularly by the Directors and plans have been put in place to mitigate them as efficiently as possible. Cash and liquidity levels are actively reviewed. Disaster recovery plans have been drawn up. Significant investment has been incurred – and more is planned – for further improving the Store's security and disaster recovery infrastructure. Foreign currency requirements are estimated in advance and forward positions entered into to up to one year in advance with the aim of providing predictable exchange rates for future decision making. In addition the group works with its internal audit function and with its insurers to identify and mitigate or remedy operational risks on an on-going basis.

Profit for the financial period and the dividend

Turnover for the period to 31 January 2009 totalled £446.5 million (2008: £nil).

Operating profit for the group before exceptional items for the period ending 31 January 2009 amounted to £30.6 million (2008: £nil).

Exceptional costs of £288.7 million were charged to the profit and loss in the period, £282.7 million of which was in relation to a write down of goodwill, £2.0 million being loss on disposal of assets, and £4.0 million being other exceptional costs (note 3).

There was a loss for the period after taxation amounting to £266.9 million (2008: £nil). The company did not pay a dividend in the period (2008: £nil).

Directors

The present membership of the Board is set out below. All served on the Board throughout the period unless otherwise noted.

M Al Fayed (Chairman)
A Fayed
O Fayed (resigned 3 March 2009)
J Byrne
A Tanna
M Ward
B Smith
J McArthur (resigned 12 January 2009)

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

Except as disclosed in note 29, no director has had a material interest, directly or indirectly, at any time during the period, in any contract significant to the business of the group or the company.

Credit risk

The group's principal credit risk relates to the recovery of trade debtors, although it is not considered significant due to the nature of the business.

Amounts owing from credit card companies represent a substantial part of the group's trade debtors. However, the directors consider credit risk to be limited due to the terms of contract the group has with the credit card companies.

Credit risk (continued)
In order to manage credit risk relating to other trade debtors, subsidiary credit controllers and Directors review the aged debtors and collection history on a regular basis.

The group also has a significant loan to a related party. As described in note 29, the loan to Harrods Property Limited amounting to £295.0 million (2008: £nil) is ultimately considered recoverable, based on a value-in-use approach of future expected cash flows.

Currency risk
The group is exposed to foreign exchange risk on overseas purchasing.

Approximately 14% 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. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting in these financial statements.

Finally, the group accepts foreign currency in the Knightsbridge store and airport outlets and retains this currency to settle foreign currency obligations.

Interest rate risk
The group finances its operations principally through retained earnings. Excess cash balances are placed on deposit to earn higher rates of interest.

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 elected 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.

Pensions provision
Through acquisitions during the period, the group operates two pension schemes:

(i) the Harrods Group Pension Plan, an approved defined benefit scheme that was closed to further accrual in April 2006
(ii) the Harrods Retirement Savings Plan, which is an approved defined contribution scheme provided and managed by Fidelity International.

The Harrods Group Pension Plan ("the Plan") has two member trustees amongst its trustee board. It also has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan. Further details of the Plan are set out in note 27 to the financial statements.

Pensions provision (continued)

As at 31 January 2009 the retirement benefit calculated in accordance with FRS 17 is a deficit of £6.2 million net of deferred tax.

The adverse impact of stock market declines and lower yields on gilts has had the effect of increasing the deficit on the group pension scheme, as measured on a Scheme Specific Funding basis, over the course of the year. Consequently, an agreement with the scheme Trustees has been entered into to make additional lump sum payments into the fund prior to the next formal scheme valuation in 2010.

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.

Donations

The charitable donations made and charged in the financial statements amounted to £0.8 million (2008: £nil). 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 46 days.

Creditor days for the company have not been shown as there are no trade creditors.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which 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 those 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.

Statement of directors' responsibilities (continued)
In so far as the directors are aware:

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

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.

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

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

BY ORDER OF THE BOARD

S Dean FCIS
Secretary
31 July 2009

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AIT UK HOLDINGS LIMITED

We have audited the group and parent company financial statements ("the financial statements") of AIT UK Holdings Limited for the period ended 31 January 2009 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the statement of total recognised gains and losses and notes 1 to 30. 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 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 the directors and auditor

The directors' responsibilities for preparing the Annual 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 group's and 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 AUDITOR TO THE MEMBERS OF
AIT UK HOLDINGS LIMITED

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 group's and the parent company's affairs as at 31 January 2009 and of the group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

LONDON
31 July 2009

Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the group's investment properties and comply with applicable United Kingdom accounting standards.

The group has a deficit of shareholders funds at 31 January 2009. 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 amounts due to the group undertakings 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 excess of fair value of consideration given 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 will provide a better 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 useful economic life of 20 years.

Harrods Bank Limited, a company registered in England and Wales, has been accounted for as an unlisted investment, due to its having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through non-voting shares.

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, turnover for sales made under concessionary arrangements represents commission and other income receivable from the concessionaires.

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

Gross transaction value
In order to present a measure that provides a guide to the value of overall activity of the group, the gross transaction value (excluding VAT) is presented on the face of the profit and loss account. The gross transaction value of sales to customers includes sales made by concessions but excludes discounts and returns.

Revenue recognition on aircraft sales
Where a group company acts as principal in the sale of aircraft, revenue is recognised gross when the risks and rewards of ownership have passed from the company to the customer. Where a group company acts as an agent in the sale of aircraft, revenue is recorded net as a commission. Commissions on the sales of aircraft are brought into account when the aircraft has been formally accepted by the ultimate customers, provided that at the date when the financial statements are formally adopted, the aircraft manufacturer has received the full funds (or equivalent thereof) for the sale of the aircraft and has irrevocably agreed the payment of the commission to the relevant group company.

Tangible Fixed Assets and Depreciation
Freehold properties are stated at professional or directors' valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. All additions thereafter are accounted for at cost. The carrying values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Shop fit out expenditure is stated net of supplier and concession contributions where relevant.

Depreciation is provided by the group and the company in order to write down to estimated residual value (if any) the cost or valuation of tangible fixed assets over their estimated useful economic lives by equal annual instalments, as follows:

Land	Not depreciated
Certain freehold and long leasehold properties	35 - 50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3 - 20 years
Vehicles and equipment	4 - 7 years

Assets held for resale are classified within current assets, and are stated at the lower of cost or valuation, and net realisable value.

Investment properties
Investment properties are revalued annually and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

Fixed asset investments
The group accounts for its fixed asset investments at the lower of cost or directors' valuation less any provision required for permanent diminution in value.

Leased assets
Rentals payable under operating leases are charged to the profit and loss account on a systematic basis over the lease term.

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

Deferred taxation
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. Transactions in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

Gains and losses on forward foreign exchange contracts used to manage foreign exchange exposure are carried forward and taken to the profit and loss account on maturity to match the underlying transactions.

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 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.

Retirement benefit obligations (continued)

A net surplus is recognized only to the extent that it is recoverable by the 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 FRS 17 in note 27 to the accounts.

For the period ended 31 JANUARY 2009

	Note	44 weeks ended 31 January 2009 Ordinary activities before exceptional items £m	Exceptional items £m	Total £m	Period ended 2 February 2008 Total £m
Gross transactions value		700.4	-	700.4	-
Turnover	1	446.5	-	446.5	-
Cost of sales		(199.9)	-	(199.9)	-
Gross profit		246.6	-	246.6	-
Distribution and store costs	2,3	(169.7)	(286.7)	(456.4)	-
Administrative expense		(46.8)	-	(46.8)	-
Other income		0.5	-	0.5	-
Operating profit/(loss)	2	30.6	(286.7)	(256.1)	-
Loss on disposal of fixed assets	3	-	(2.0)	(2.0)	-
Profit/(loss) on ordinary activities before interest		30.6	(288.7)	(258.1)	-
Net interest	4	3.5	-	3.5	-
Profit/(loss) on ordinary activities before taxation		34.1	(288.7)	(254.6)	-
Tax on profit/(loss) on ordinary activities	6	(13.7)	1.4	(12.3)	-
Profit/(loss) ordinary activities after taxation	19,20	20.4	(287.3)	(266.9)	-

All transactions arise from acquisitions.

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

	Note	Consolidated At 31 January 2009 £m	Consolidated At 2 February 2008 £m	Company At 31 January 2009 £m	Company At 2 February 2008 £m
ASSETS					
Fixed assets					
Intangible assets	9	**507.6**	-	-	-
Tangible assets	10	**90.8**	-	-	-
Investments	11	**7.7**	-	-	-
		606.1	-	-	-
Current assets					
Stocks	12	**51.2**	-	-	-
Debtors due within one year	13	**44.1**	-	-	-
Debtors due after more than one year	13	**298.2**	-	-	-
Cash at bank and in hand		**82.6**	-	-	-
		476.1	-	-	-
		1,082.2	-	-	-
LIABILITIES					
Capital and reserves					
Called up share capital	18	**(39.2)**	-	**(39.2)**	-
Profit and loss account	19	**283.0**	-	**39.2**	-
		243.8	-	-	-
Retirement benefit obligation	27	**(6.2)**	-	-	-
Provisions for liabilities	17	**(6.4)**	-	-	-
Creditors: amounts falling due within one year					
Shareholder loan		**(862.3)**	-	-	-
Other creditors falling due within one year		**(133.0)**	-	-	-
	14	**(995.3)**	-	-	-
Creditors: amounts falling due after more than one year	15	**(318.1)**	-	-	-
		1,082.2	-	-	-

The financial statements were approved by the Board of Directors on 31 July 2009.

B Smith - Director

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

For the period ended 31 JANUARY 2009

	Note	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Net cash inflow from operating activities before payments toward retirement benefit obligations		61.7	-
Payments towards retirement benefit obligations	27	(9.3)	-
Net cash inflow from operating activities	21	52.4	-
Returns on investments and servicing of finance			
Interest received		3.2	-
Interest paid		(0.2)	-
Net rent received from properties		0.1	-
Dividends received from fixed asset investments		0.3	-
Net cash inflow from returns on investments and servicing of finance		3.4	-
Taxation paid		(4.0)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(23.2)	-
Disposal of tangible fixed assets		2.7	-
Loans to related parties		-	-
Repayment of loans by related parties		-	-
Net cash outflow from capital expenditure and financial investment		(20.5)	-
Acquisitions			
Purchase of subsidiary undertakings		-	-
Net cash acquired with subsidiary undertakings		49.3	-
Net cash inflow from acquisitions	24	49.3	-
Equity dividends paid		-	-
Financing			
Increase in amounts borrowed		2.0	-
Net cash inflow from financing	22,23	2.0	-
Increase in cash	22,23	82.6	-

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

Group Statement of Total Recognised Gains and Losses

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Loss for the financial period	**(266.9)**	-
Actuarial losses on pension scheme	**(22.2)**	-
Deferred tax movement on actuarial gains and losses on pension scheme	**6.1**	-
Total recognised gains and losses for the period	(283.0)	-

1 Turnover and segmental analysis

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

Business segments

	44 weeks ended 31 January 2009			Period ended 2 February 2008
	Retailing £m	Aviation services £m	Total £m	Total £m
Turnover	411.8	34.7	446.5	-
Operating loss	(256.7)	0.6	(256.1)	-
Loss on disposal of fixed assets	(2.0)	-	(2.0)	-
Net interest	4.0	(0.5)	3.5	-
(Loss)/profit before taxation	(254.7)	0.1	(254.6)	-

Geographical analysis

	Turnover by destination	
	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
United Kingdom	421.6	-
Rest of Europe	12.1	-
Japan	3.3	-
North America	4.2	-
Other overseas destinations	5.3	-
	446.5	-

Turnover by destination and origin are not materially different.

2 Operating profit

The operating profit is stated after:

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Depreciation:		
Tangible fixed assets owned	**12.9**	-
Amortisation of goodwill	**8.6**	-
Rentals paid under operating leases:		
Property rent paid to a related party	**35.1**	-
Property rent – other	**2.0**	-
Plant and machinery	**0.6**	-
Exceptional goodwill impairment (note 9)	**282.7**	-
Exceptional cost of repairs to historic terracotta façade	**2.5**	-
Exceptional onerous lease provision (note 17)	**1.5**	-
Gains on foreign exchange	**(0.8)**	-
Royalty (income)	**(1.4)**	-

The valuation of the company's direct and indirect investment in Harrods Holdings Limited is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly over the course of 2008 which in turn has led to an impairment in the value of goodwill on acquisition, for which an exceptional charge has been recorded in the period.

During the period, the group obtained the following services from the group's auditors:

	44 weeks ended 31 January 2009 £'000s	Period ended 2 February 2008 £m
Fees payable for the audit of the company's financial statements	**90.8**	-
Fees payable for other services:		
- audit of subsidiary undertakings	**288.2**	-
- taxation services	**0.7**	-
- other services	**16.8**	-

3 Exceptional items

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Pre operating profit		
Goodwill impairment	(282.7)	-
Repairs to historic terracotta façade	(2.5)	-
Onerous lease provision	(1.5)	-
	(286.7)	-
Post operating profit		
Loss on disposal of fixed assets	(2.0)	-
	(2.0)	-

4 Net interest

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Interest payable:		
Bank loans and overdrafts	-	-
Loan from related parties	(1.5)	-
	(1.5)	-
Interest receivable:		
Loan to related parties	0.7	-
Other finance income (FRS17, note 27)	1.8	-
Gain on revaluation of US Dollar denominated deposits	0.8	-
Cash and bank balances	1.7	-
	5.0	-
Net interest receivable	3.5	-

5 Directors and employees

Staff costs during the period were as follows:

Group staff costs during the period were as follows:

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Wages and salaries	91.2	-
Social security costs	9.9	-
Other pension costs	3.1	-
	104.2	-

The average number of employees of the group during the year was:

	44 weeks ended 31 January 2009 Number	Period ended 2 February 2008 Number
Production	608	-
Selling and distribution	2,723	-
Administration	246	-
	3,577	-

In addition, the group employed an average of 28 agency staff during the period at a cost of £0.4 million (2008: £nil).

The company had no employees except for directors during the period ended 31 January 2009 or 2 February 2008.

Remuneration in respect of directors was as follows:

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Emoluments	5.0	-

There are no pension contributions included in emoluments for the period ended 31 January 2009 or 2 February 2008.

The value of emoluments incurred directly by the company was £nil (2008: £nil). Emoluments incurred by the group's subsidiary undertakings were £5.0 million (2008: £nil).

Directors and employees (continued)
There are 2 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2008: £nil) and 3 directors to whom retirement benefits are accruing under a defined contribution scheme (2008: £nil).

The amounts set out above include remuneration in respect of the highest paid director as follows:

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Emoluments	2.4	-

The highest paid directors' accrued pension at the period end was £nil (2008: £nil).

6 Tax on profit on ordinary activities

The tax charge is based on the loss for the period and represents:

	44 weeks ended 31 January 2009 £m	52 weeks ended 2 February 2008 £m
Current tax		
Current tax charge	-	-
Group relief	(0.6)	-
Foreign tax	-	-
	(0.6)	
Over provision in respect of prior years	(0.1)	-
	(0.7)	-
Deferred tax		
Origination and reversal of timing differences	1.0	
Accelerated capital allowances	(1.0)	-
Deferred tax on defined benefit scheme	(11.6)	-
Total tax charge for the period	(12.3)	-

Factors affecting current period corporation tax
The current period corporation tax assessed for the period is higher than the standard rate of corporation tax of 28% (2008: 30%) for the following reasons:

Loss on ordinary activities before tax	(254.6)	-

Tax on profit on ordinary activities (continued)

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008: 30%)	**72.2**	-
Effect of:		
Expenses not deductible for tax purposes	**(84.3)**	-
Group relief claimed but not paid	**0.9**	-
Capital allowances in excess of depreciation	**1.0**	-
Transfer pricing adjustments - (note 14)	**(1.8)**	-
Income and expenses assessed on a cash basis	**11.4**	-
Over provision in respect of prior years	**(0.1)**	-
Current tax charge for the period	**(0.7)**	-

7 Company profit and loss account

As permitted by section 230 of the Companies Act 1985 the profit and loss account of AIT UK Holdings Limited is not presented as part of these financial statements. The loss for the period after taxation amounted to £39.2million (2008: £nil).

8 Dividends

The company did not pay a dividend during the period ended 31 January 2009 or 2 February 2008.

9 Intangible fixed assets

Consolidated

	Goodwill £m
Cost	
At 3 February 2008	-
Acquisitions (note 24)	798.9
At 31 January 2009	**798.9**
Amortisation and Impairment	
At 3 February 2008	-
Amortisation provided in the period	(8.6)
Impairment provided in the period	(282.7)
At 31 January 2009	**(291.3)**
Net book amount at 31 January 2009	**507.6**
Net book amount at 2 February 2008	-

During the period, the group purchased the Harrods Holdings Group for £901.5 million from AIT Property Holdings Limited, the company's immediate parent undertaking. The fair value of net assets acquired was £128.5 million, which resulted in purchased goodwill of £773 million (refer to note 24 for further details).

During the period, the group purchased the AIT Enterprises Group for £20.4 million from AIT Property Holdings Limited, the company's immediate parent undertaking. The fair value of net liabilities acquired was £5.5 million, which resulted in purchased goodwill of £25.9 million (refer to note 24 for further details).

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 resulting in a write down of £282.7 million for the period. The valuation of the company's direct and indirect investment in Harrods Holdings Limited is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly over the course of 2008 which in turn has led to an impairment in the value of goodwill on acquisition, for which an exceptional charge has been recorded in the period.

10 Tangible fixed assets

Consolidated

	Freehold property £m	Investment properties: long leasehold £m	Short leasehold property £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost					
At 3 February 2008	-	-	-	-	-
Acquisitions	2.0	3.2	16.3	224.2	245.7
Additions	-	-	0.4	22.8	23.2
Disposals	-	(2.8)	-	(5.0)	(7.8)
Written off	-	-	-	(2.6)	(2.6)
At 31 January 2009	2.0	0.4	16.7	239.4	258.5
Accumulated depreciation					
At 3 February 2008	-	-	-	-	-
Acquisitions	0.3	0.1	2.9	154.4	157.7
Provided in the period	-	-	0.7	12.2	12.9
Disposals	-	-	-	(2.9)	(2.9)
At 31 January 2009	0.3	0.1	3.6	163.7	167.7
Net book amount at 31 January 2009	**1.7**	**0.3**	**13.1**	**75.7**	**90.8**
Net book amount at 2 February 2008	-	-	-	-	-
Cost or valuation:					
Valuation	-	-	-	-	-
Deemed Cost	2.0	0.4	16.7	239.4	258.5
	2.0	0.4	16.7	239.4	258.5

Tangible fixed assets (continued)
Most of the acquired group's investment properties were revalued as at 3 February 2007 by a qualified independent valuer and member of RICS. The valuations were in accordance with the requirements of the RICS Appraisal and Valuation Standards and the valuation of each property was on the basis of Market Value. The directors consider there to have been no material movement to the date of acquisition or during the period.

All other fixed assets are stated at cost.

Included in the cost element of fixtures, fittings, vehicles and equipment above is £33.6 million representing the cost of unfinished projects at the period end (2008: £nil).

Netted off the cost of fixed assets are accumulated supplier and concession contributions amounting to £12.4m at the period end (2008: £nil). Of this amount £0.6m (2008: £nil) had been taken to the profit and loss account by way of a reduction to accumulated depreciation.

Company
The Company has no tangible fixed assets.

11 Fixed asset investments

Consolidated

	Unlisted investments £m
Cost	
At 3 February 2008	-
Acquisitions	7.7
At 31 January 2009	7.7
Provision	
At 3 February 2008	-
Acquisitions	-
At 31 January 2009	-
Net book amount at 31 January 2009	**7.7**
Net book amount at 2 February 2008	-

Unlisted investments
Through its acquisition of the Harrods Holdings Group, the group acquired 100% ownership of Harrods Bank Limited, a company registered in England and Wales. The company has been accounted for as an unlisted investment due to its having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through non-voting shares.

At 31 January 2009 the aggregate capital and reserves of Harrods Bank Limited was £8.0m and the profit for the period ended 31 January 2009 was £0.2m (2008: £nil).

Fixed asset investments (continued)

Company	Total £m
Investment in subsidiaries at 2 February 2008	-
Additions	39.2
Impairment provision	(39.2)
Investment in subsidiaries at 31 January 2009	-

The valuation of the company's direct and indirect investment in Harrods Holdings Limited is primarily based on the market valuation of a portfolio of international companies. The market value of those companies fell significantly in 2008 which in turn has led to a fall in the value of the company's investment in its subsidiaries, for which an exceptional impairment charge has been recorded in the period.

Principal subsidiaries

Operating at 31 January 2009	Country of registration	Principal activity
AIT Participations Limited*	England and Wales	Holding company
AIT Partners 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 Card Handling Company Ltd	England and Wales	Merchant card handling
Harrods International Limited	England and Wales	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Exporter
Harrods Estates Limited	England and Wales	Estate agents
Harrods Watches Limited	England and Wales	Wholesaler
PL Management Limited	England and Wales	Property management
Harrods Services Limited	England and Wales	Security staff agency
Genavco Insurance Limited	England and Wales	Insurance broker
Featurecode 2A	England and Wales	Non-trading
Featurecode 2A Holdings	England and Wales	Non-trading
AIT Enterprises Holdings Limited*	England and Wales	Holding company
AIT Enterprises Limited	England and Wales	Holding company
Air Harrods Limited	England and Wales	Non-scheduled air transport
Harrods Aviation Limited	England and Wales	Aircraft handling and maintenance service
Harrods Aviation Holdings Limited	England and Wales	Holding company
Harrods Leisure Holdings Limited	England and Wales	Holding company
Harrods Leisure Limited	Isle of Man	Non-trading

*The whole of the issued ordinary share capital in this company is owned directly by AIT UK Holdings Limited. The whole of the ordinary share capital in the other companies is held by intermediate holding companies. All subsidiary undertakings are wholly owned (100% ordinary shares with voting rights) and are included within the consolidated financial statements.

12 Stocks

	Consolidated		Company	
	31 January 2009 £m	2 February 2008 £m	**31 January 2009 £m**	2 February 2008 £m
Finished goods for resale	**50.1**	-	-	-
Spare parts and consumables	**0.8**	-	-	-
Work in progress	**0.3**	-	-	-
	51.2	-	-	-

A lien over inventory owned by Harrods Limited comprising goods held for re-sale has been granted to the trustee of the group's defined benefit pension scheme.

13 Debtors

	Consolidated		Company	
	31 January 2009 £m	2 February 2008 £m	**31 January 2009 £m**	2 February 2009 £m
Amounts due within one year:				
Trade debtors	**17.5**	-	-	-
Security deposit on operating lease	**3.1**	-	-	-
Other debtors	**12.3**	-	-	-
Prepayments and accrued income	**11.2**	-	-	-
	44.1	-	-	-
Amounts due after more than one year:				
Prepayments and accrued income	**2.8**	-	-	-
Loans to related parties	**295.4**	-	-	-
	298.2	-	-	-

As detailed in note 29, 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 31 January 2009, the balance outstanding was £295.0 million (2008: £nil). For the purposes of the group's tax calculation, an imputed interest charge is recognised as a non-cash transfer for tax purposes.

Included within prepayments at year end was a £2.7 million (2008: £nil) deposit paid by Harrods Aviation Limited, a group company, to a third party relating to a contract to acquire a new aircraft. After the year end this contract was assigned to a related party in return for a loan receivable which carries interest at a commercial rate. As a result Harrods Aviation Limited no longer has any obligations under that contract.

14 Creditors: amounts falling due within one year

	Consolidated		Company	
	31 January 2009	2 February 2008	**31 January 2009**	2 February 2008
	£m	£m	**£m**	£m
Bank loans (Note 16)	**0.3**	-	-	-
Secured borrowings (Note 16)	**1.3**	-	-	-
Trade creditors	**74.4**	-	-	-
Corporation tax	**1.1**	-	-	-
Social security and other taxes	**7.6**	-	-	-
Interest payable to related party	**1.3**	-	-	-
Other creditors	**7.8**	-	-	-
Accruals and deferred income	**39.2**	-	-	-
	133.0	-	-	-
Shareholders loan	**862.3**	-	-	-
	995.3	-	-	-

During the period, the group was granted two loans from Mohafa Limited. Upon liquidation of Mohafa Limited during the period, the loans were assigned to AIT 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 upon demand by the lender. As at 31 January 2009, the balance outstanding was £862.3 million (2008: £nil).

15 Creditors: amounts falling due after more than one year

	Consolidated		Company	
	31 January 2009	2 February 2008	**31 January 2009**	2 February 2008
	£m	£m	**£m**	£m
Amounts owed to related party	**302.8**	-	-	-
Bank loans	**2.0**	-	-	-
Secured borrowings	**1.8**	-	-	-
Accruals and deferred income	**11.5**	-	-	-
	318.1	-	-	-

As detailed in note 29, the group has been granted loans from related parties, which are all under the common control of the group's ultimate parent undertaking.

Creditors: amounts falling due after more than one year (continued)
Amounts due in respect of bank loans are secured against the Air Harrods helicopter fleet. Interest is payable monthly over five years. Bank loans are repayable in equal monthly instalments to December 2012.

During the period, Harrods Limited entered into a three year chattel mortgage agreement to finance the acquisition of certain fixed assets amounting to £2m. At period end, the balance due under the agreement was £1.8m. The final repayment is due in October 2011.

16 Borrowings

Borrowings are repayable as follows:

	Consolidated		Company	
	31 January 2009 £m	2 February 2008 £m	**31 January 2009 £m**	2 February 2008 £m
Bank and secured loans with repayment dates:				
In one year or less	**1.6**	-	-	-
Between one and two years	**3.8**	-	-	-
Related party borrowings				
In one year or less	**862.3**	-	-	-
More than one year	**302.8**	-	-	-
	1,170.5	-	-	-

17 Provisions for liabilities

Consolidated

	Deferred taxation £m	Onerous lease £m	Total £m
Balance at 3 February 2008			
Acquisitions	4.7	-	4.7
Provided in the period	0.2	1.5	1.7
Balance at 31 January 2009	**4.9**	**1.5**	**6.4**

	Deferred taxation £m
Accelerated capital allowances	**5.8**
Other timing differences	**(0.9)**
Balance at 31 January 2009	**4.9**

Provisions for liabilities (continued)
In the opinion of the directors, at 31 January 2009 the potential taxation liability in respect of capital gains is £nil due to the availability of capital losses. There are no other unprovided deferred tax amounts.

The onerous lease provision covers the estimated cost (including estimated potential costs of disposal) of certain leased property, discounted at an appropriate discount rate.

Company

There are no provisions for liabilities held in the company's accounts as at 31 January 2009 or 2 February 2008.

18 Called up share capital

	Consolidated		Company	
	31 January 2009	2 February 2008	**31 January 2009**	2 February 2008
	£	£	**£**	£
Authorised:				
39,215,000 ordinary shares of £1 each	**39,215,000**	1,000	**39,215,000**	1,000
Allotted and fully paid:				
39,215,000 ordinary shares of £1 each	**39,215,000**	100	**39,215,000**	100

During the period, the company made allotments totalling 39,214,900 ordinary shares of £1 each (2008: 100 ordinary shares of £1 each).

19 Reserves

	Consolidated		Company	
	31 January 2009	2 February 2008	**31 January 2009**	2 February 2008
	£m	£m	**£m**	£m
Profit and loss account				
Balance at 3 February 2008	**-**	-	**-**	-
Actuarial loss on pension scheme	**(16.1)**	-	**-**	-
Loss for the period	**(266.9)**	-	**(39.2)**	-
Dividends	**-**	-	**-**	-
Balance at 31 January 2009	**(283.0)**	-	**(39.2)**	-

20 Reconciliation of movements in shareholders' deficit

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Loss after tax for the financial period	(266.9)	-
Dividends	-	-
Retained loss for the period	(266.9)	-
Actuarial loss on pension scheme	(16.1)	-
Issue of shares	39.2	-
Shareholders' funds at 2 February 2008	-	-
Shareholders' deficit at 31 January 2009	(243.8)	-

21 Net cash inflow from continuing operating activities

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Operating loss before rent payable to a related party	(221.0)	-
Rent payable to a related party (note 2)	(35.1)	-
Operating loss	(256.1)	-
Depreciation and amortisation	21.5	-
Pension contribution	(9.3)	-
Increase in stock	(6.1)	-
Increase in debtors	(5.7)	-
Increase in creditors	22.7	-
Impairment loss (goodwill)	282.7	
Other	2.7	-
	52.4	-

22 Reconciliation of net cash flow to movement in net debt

	44 weeks ended 31 January 2009 £m	Period ended 2 February 2008 £m
Increase in cash in the period	**82.6**	-
Cash inflow from financing	**(2.0)**	-
Decrease in net debt from cash flows	**80.6**	-
Increase in amounts owed to related party	**(873.6)**	-
Loans acquired through acquisitions (note 24)	**(294.2)**	-
Movement in net debt in the year	**(1,087.2)**	-
Other non cash charges	**-**	-
Net debt at 31 January 2009	**(1,087.2)**	-

23 Analysis of changes in net debt

	At 3 Feb 2008 £m	Cash flow £m	Non cash items £m	Acquisitions £m	At 31 Jan 2009 £m
Cash at bank and in hand	-	82.6	-	-	**82.6**
Amounts owed to related parties	-	-	(873.6)	(291.5)	**(1,165.1)**
Bank loan	-	0.3	-	(2.7)	**(2.4)**
Secured and other borrowings	-	(2.3)	-	-	**(2.3)**
	-	80.6	(873.6)	(294.2)	**(1,087.2)**

Non cash items primarily relate to loans obtained from related parties in lieu of acquisitions.

24 Acquisition of subsidiary undertakings

On 2 April 2008, the group purchased the Harrods Holdings Group for £901.5 million (gross consideration of £1,193.0m less debt of £291.5m) from AIT Property Holdings, the company's immediate parent undertaking (note 30). The group comprises, Harrods Holdings Limited, Harrods (UK) Limited and Harrods Limited and a number of other trading and non-trading entities.

On 2 April 2008, the group purchased the AIT Enterprises Group for £20.4 million from AIT Property Holdings, the company's immediate parent undertaking (note 30). The group comprises Harrods Aviation Holdings Limited, Harrods Leisure Holdings Limited and a number of non-trading entities. Details of the acquisition are below:

	Harrods Holdings Group Group £m	AIT Enterprise Group £m	Total £m
Net assets acquired:			
Tangible fixed assets	69.1	18.9	**88.0**
Investments	7.7	-	**7.7**
Stock	44.3	0.8	**45.1**
Debtors	369.4	12.1	**381.5**
Creditors	(112.0)	(17.3)	**(129.3)**
Retirement benefit obligations	(1.1)	0.2	**(0.9)**
Retirement benefit obligations – deferred tax	11.0	0.2	**11.2**
Taxation			
- current	(11.0)	(0.2)	**(11.2)**
- deferred	(4.8)	0.1	**(4.7)**
Other	0.3	0.2	**0.5**
Cash	47.1	2.2	**49.3**
Related party and inter company loans	(291.5)	(20.0)	**(311.5)**
External loans	-	(2.7)	**(2.7)**
Net assets acquired	128.5	(5.5)	**123.0**
Goodwill	773.0	25.9	**798.9**
Consideration	901.5	20.4	**921.9**
Consideration satisfied by:			
Shares issued	39.2	-	**39.2**
Non cash consideration owed to related party	862.3	20.4	**882.7**
	901.5	20.4	**921.9**

There are no differences between book and fair values. Fair values have been assessed on a provisional basis.

Acquisition of subsidiary undertakings (continued)

In its last financial year to 2 February 2008, the Harrods Holdings Group made a profit after tax of £34.9 million. For the period since that date to the date of acquisition, the Harrods Holdings Group's accounts show:

	£m
Turnover	89.3
Operating profit	7.3
Profit before taxation	0.8
Taxation	(0.7)
Profit attributable to shareholders	0.1
Total recognised gains for the period	0.1

In its last financial year to 2 February 2008, the AIT Enterprises Group made a profit after tax of £0.9 million. For the period since that date to the date of acquisition, the AIT Enterprises Group's accounts show:

	£m
Turnover	6.2
Operating profit	0.6
Profit before taxation	0.7
Taxation	(0.2)
Profit attributable to shareholders	0.5
Total recognised gains for the period	0.5

	£m
Analysis of net cash inflow in respect of acquisitions	
Cash at bank and in hand	49.3
Cash consideration	-
	49.3

25 Commitments

At 31 January 2009, the group had the following capital commitments:-

	Consolidated 31 January 2009 £m	Consolidated 2 February 2008 £m	**Company 2 February 2008 £m**	Company 2 February 2008 £m
Contracted but not provided for	**14.3**	-	-	-

There were no other capital commitments at 31 January 2009 or 2 February 2008.

Commitments (continued)

Other Commitments

At 31 January 2009 the group had commitments under concession agreements with the British Airport Authority which were contracted for but not provided for in these financial statements of £1.1m as at the period end. Commitments authorised but not contracted for totalled £8.9m.

The adverse impact of stock market declines and lower yields on gilts has had the effect of increasing the deficit of the group pension scheme, as measured on a Scheme Specific Funding basis, over the course of the year. Consequently an agreement has been entered into with the scheme Trustees to make an additional lump sum payment into the fund of £10 million on or by 31 January 2010 and a further £10 million, if certain conditions are met, on or by 31 March 2010.

26 Contingent assets/liabilities

The group participated in derivative financial instruments during the period to manage its foreign exchange exposure to the Euro and the US dollar. 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 £14.2m (2008: £nil) and their fair value was £15.5m (2008: £nil) based on exchange rates prevailing at the period end. The exposure on outstanding call options at the period end was £15.3m (2008: £nil) and their fair value was £17.2m (2008: £nil) based on exchange rates prevailing at the period end. Premiums payable on delivery date of the call options amounted to £0.5m (2008: £nil) at 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. Further disclosure of ongoing matters is deemed seriously prejudicial.

There were no other contingent liabilities at 31 January 2009 or 2 February 2008.

27 Retirement benefit obligations

During the period the group principally operated two schemes:

(i) the Harrods Retirement Savings Plan ("the Stakeholder Scheme"), which is an approved defined contribution scheme; was established in April 2006 and is provided and managed by Fidelity International.

(ii) the Harrods Group Pension Plan ("the Plan"), which is an approved defined benefit scheme.

Stakeholder scheme

The pension cost under the defined contribution scheme amounted to £3.1 m (2008: £nil). A pension accrual of £nil (2008: £nil) is included in the balance sheet in relation to this scheme.

Retirement benefit obligations (continued)

Defined Benefit Pension Scheme ("the Plan")

The Plan is closed to all existing members and all new employees with the effect that members will not accrue future pension benefits under the Plan. The existing accrued pension benefit of members as at the date of closure (5 April 2006) is protected and preserved at its then existing level and will be revalued until retirement as if the members had left the Group.

An actuarial valuation of the Plan as at 6 April 2007 on a Scheme Specific Funding basis was carried out by qualified actuaries Hymans Robertson. The deficit on this basis was £67.5m as at 6 April 2007. At that time the amended contributions, in order for the Plan to be fully funded by 31 January 2014, were agreed as follows:

(i) monthly contributions totaling £10.6m per annum with effect from 1 October 2007
(ii) monthly contributions totaling an estimated £0.7m per annum to fund administrative expenses of the Plan, with effect from 6 April 2007
(iii) annual contribution estimated at £0.3m to fund the Pension Protection Fund levy and other such pension scheme levies as are payable by the employers and Trustee under the terms of the Pension Schemes Act 1993 and the Pensions Act 2004

Accordingly, during the period ended 31 January 2009, the participating employers made total contributions to the plan of £11.4m (total contributions in the previous year were £15.3m). In addition, £38.9m (2008: £26.9m) was released from an Escrow account in favour of the Plan and transferred to the Plan. All participating employers have contributed to these payments.

Recognising the risks inherent in the performance of the financial markets during the seven year deficit correction period, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

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.

Amounts contributed by the AIT UK Holdimgs Limited group are therefore summarized in the tables below.

Financial Reporting Standard 17 Disclosures

For the period ended 31 January 2009, the Group has applied the Amendment to FRS17 Retirement Benefits which is effective for accounting periods commencing on or after 6 April 2007. This amendment replaces the existing disclosure requirements with those of IAS 19.

Mercer, the new actuaries and administrators to the plan, as appointed by the Pension Trustees in 2008, carried out a valuation of the plan's assets and liabilities. The FRS17 liabilities of the plan as at 31 January 2009 were obtained by projecting forward the FRS17 liabilities as at 2 February 2008 calculated by Hymans Robertson, the previous actuaries.

Financial Reporting obligations (continued)
The major assumptions used by the actuary were:

	31 January 2009
Discount rate	6.7%
Inflation assumption	3.5%
Rate of increase in salaries	n/a
Rate of pension increases (LPI 5%)	3.4%
Rate of pension increases (LPI 2.5%)	2.3%
Longevity at age 60 for current pensioners	
- Men	26.8
- Women	29.8
Longevity at age 60 for future pensioners	
- Men	28.0
- Women	30.8

The sensitivities regarding these assumptions are as follows:

	Change in Assumption	Effect on value of liabilities
Discount rate	Increase/decrease by 0.1% p.a.	Decrease/increase by 2.0%
Inflation assumption	Increase/decrease by 0.1% p.a.	Increase/decrease by 2.0%
Longevity	Increase by 1 year	Increase by 2%

The market value of the assets in the Plan, the expected long-term rate of return from them and the present value of Plan liabilities, all as defined in accordance with FRS 17 and valued by the qualified independent actuary were as follows:

	As at 31 January 2009 £m	Expected long-term rate of return % per annum
Equities	85.7	7.7%
Equity option	-	7.7%
Corporate bonds	30.9	6.9%
Government bonds	51.1	4.2%
Total return investments	44.7	7.7%
Other	2.5	
Cash earmarked for investment	-	
Cash	54.0	3.7%
Total asset held by the Plan	268.9	
Monies held in Escrow	-	
Total fair value of assets	268.9	
Present value of plan liabilities	(280.9)	
(Deficit)/surplus in the Plan	(12.0)	
Irrecoverable surplus	-	
(Deficit)/surplus recognised in balance sheet	(12.0)	
Related deferred tax asset	5.8	
Net pension (liability)/asset	(6.2)	

Retirement benefit obligations (continued)

As required following changes to FRS17, the Plan assets at 31 January 2009 are shown at estimated bid value as either supplied by the relevant investment manager, where available, or using an adjustment factor applied by the Plan's investment consultant.

	31 January 2009 £m	2 February 2008 £m
Analysis of amounts charged to operating profit		
Current service cost	-	-
Effect of curtailments or settlements	-	-
Total operating credit	-	-
Analysis of amounts included as other finance costs		
Expected return on pension plan assets	17.1	-
Interest cost on pension plan liabilities	(15.3)	-
Net financial credit	1.8	-
Analysis of amounts recognised in statement of total recognised gains and losses		
Actuarial losses immediately recognised	(22.2)	-
Effect of surplus cap	-	-
Actuarial loss recognised in statement of total recognised gains and losses	(22.2)	-
Changes in the benefit obligation during the period were as follows:		
Benefit obligation at acquisition date	297.5	-
Interest cost	15.3	-
Actuarial gains	(22.1)	-
Benefits paid	(9.8)	-
Benefit obligation at end of period	280.9	-

Changes in the plan assets during the period were as follows:	Period to 31 January 2009 £m	Period to 2 February 2008 £m
Fair value of plan assets at acquisition date	296.6	-
Expected return on plan assets	17.1	-
Actuarial losses	(44.3)	-
Employer contribution	9.3	-
Benefits Paid	(9.8)	-
Fair value of plan assets at end of period	268.9	-

Retirement benefit obligations (continued)

The actual return on plan assets follows:

	Period to 31 January 2009 £m	Period to 2 February 2008 £m
Actual return on plan assets	(27.2)	-

History of experience gains and losses

	31 January 2009 £m	31 January 2009 %
Benefit obligation at end of period	(280.9)	
Fair value of plan assets at end of period	268.9	
(Deficit)/surplus in the plan	(12.0)	
Difference between actual and expected return on assets	(44.3)	(15.8%)
Experience (losses)/gains on plan liabilities	-	-
Amount recognised in statement of total recognised gains and losses against liabilities	(22.2)	(7.9%)

The history of the Harrods Group Pension Plan prior to the acquisition of Harrods Holdings and its subsidiaries is disclosed in the consolidated financial statements of Harrods Holdings Limited for the period ended 2 February 2008.

Cumulative amount of gains/(losses) immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is a loss of (£22.2m) (2008: £nil)

28 Leasing commitments

The group has annual commitments under operating leases which expire as follows:

	Consolidated 31 January 2009 £m	Consolidated 2 February 2008 £m	Company 31 January 2009 £m	Company 2 February 2008 £m
Land and buildings				
In one year or less	0.1	-	-	-
Between one and five years	0.4	-	-	-
In five years or more	45.9	-	-	-
	46.4	-	-	-

Leasing commitments (continued)

	Consolidated		Company	
	31 January 2009	2 February 2008	**31 January 2009**	2 February 2008
	£m	£m	**£m**	£m
Other assets leases:				
In one year or less	**0.2**	-	-	-
Between one and five years	**0.2**	-	-	-
In five years or more	**0.0**	-	-	-
	0.4	-	-	-

29 Transactions with directors /and other related parties

During the period the group entered into transactions with a number of entities, which are under the control of the group's ultimate controlling party. These entities comprise Alfayed Charitable Foundation, Balnagown Castle Properties Limited, Bocardo Societe Anonyme, Fayair (Jersey) Company Limited, Fulham Football Club (1987) Limited, Fulham Stadium Limited, Harrods Property Limited, Hyde Park Residence Limited, Jasmine Di Milo Limited, Liberty Publishing Limited (and subsidiaries), Mohafa Limited, Prestige Properties S.A., The Ritz Hotel Limited and Turnbull & Asser Limited (and subsidiaries). The transactions and balances with these entities are not considered to be material except as described below.

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.

During the period, trade debtors due from Balnagown Castle Properties Limited at 31 January 2009 amounted to £0.1m (2008: £nil). The maximum debtor balance during the period was £0.2m (2008: £nil).

During the period, the group recharged payroll and made administration charges to Fulham Football Club (1987) Limited, amounting to £34.1m (2008: £nil). The debtor outstanding at the period end was £13.5m (2008: £nil). The maximum debtor balance during the period was £18.7m (2008: £nil).

Fees in respect of marketing and advisory services, received from Fulham Stadium Limited during the period amounted to £nil (2008: £nil). Trade debtors due from Fulham Stadium Limited at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £nil).

During the period, the group was charged and made administration charges to Hyde Park Residence Limited amounting to a net £0.3m (2008: £nil). The creditor outstanding at period end was £nil (2008: £nil). The maximum creditor balance during the period was £0.1m (2008: £nil).

Jasmine Di Milo Limited operates a concession in the Knightsbridge Store, on commercial terms, for which it was charged £1.1m (2008: £nil). The debtor outstanding at period end was £0.3m (2008: £nil). The maximum debtor balance during the period was £0.5m (2008: £nil).

During the period, the group recharged payroll and made administration and occupancy charges to Liberty Publishing & Media Limited amounting to £0.3m (2008: £nil). The debtor outstanding at the period end was £nil. The maximum debtor balance during the period was £0.1m (2008: £nil).

Transactions with directors and other related parties (continued)

Fees in respect of marketing and advisory services levied to Prestige Properties S A during the period amounted to £nil. Trade debtors due from Prestige Properties S A at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £0.3m (2008: £nil).

During the period, the group charged payroll charges to The Ritz Hotel Limited amounting to £0.3m (2008: £nil). The debtor outstanding at period end was £0.1m (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £nil).

The group charged Turnbull & Asser Limited £0.3m (2008: £nil) under commercial terms for the concession it operates in the Store. The debtor outstanding at period end was £nil (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £nil).

During the period, the group charged pension contributions to Turnbull and Asser amounting to £0.3 million (2008: £nil). The debtor outstanding at period end was £nil (2008: £nil). The maximum debtor balance during the period was £0.1m (2008: £nil).

Fees in respect of marketing and advisory services from Bocardo Societe Annoyme during the period amounted to £nil. Trade debtors due from Bocardo Societe Annoyme at 31 January 2009 amounted to £nil (2008: £nil). The debtor outstanding at period end was £0.1m (2008: £nil).

During the period, stock amounting to £0.1m was sold to the Alfayed Charitable Foundation. Trade debtors due from the Alfayed Charitable Foundation at 31 January 2009 amounted to £nil (2008: £nil). The maximum debtor balance during the period was £nil (2008: £nil).

During the period, the group charged fees related to contract work and engineering services to Fayair (Jersey) Co Ltd amounting to £1.1m. The debtor outstanding at period end was £nil. The maximum debtor balance during the period was £0.3m. After the year end Harrods Aviation Limited assigned to Fayair (Jersey) Co Limited the rights and obligations relating to a contract to purchase an aircraft in return for a loan receivable of $5.5m which carries interest at a commercial rate.

Through the acquisition of Harrods Limited, the group has granted a subordinated loan to Harrods Property Limited. The loan to Harrods Property Limited amounting to £295.0 million (2008: £nil) is ultimately considered recoverable, based on a value-in-use approach of future expected cash flows. The loan is non-interest bearing and is repayable on demand by the lender. The maximum receivable during the period was £302.4m (2008: £nil).

Through the acquisition of Harrods Limited, the group continues as 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, the Harrods distribution centre near Heathrow and a number of ancillary Harrods properties used for trading operations. During the period the group was charged rent of £35.1m (2008: £nil) by Harrods Property Limited. At the period end, the balance of prepaid rent was £3.4m (2008: £nil).

During the period, the group was granted two loans from Mohafa Limited. Upon liquidation of Mohafa Limited during the period, the loans were assigned to AIT Property Holdings, which is under the common control of the company's ultimate parent undertaking. The debt is non-interest bearing and is repayable upon demand by the lender. As at 31 January 2009, the balance outstanding was £862.3 million (2008: £nil).

The group has been granted a loan from Harrods Property Limited, which is under common control of the company's ultimate parent undertaking. The debt is non-interest bearing and is repayable with not less than 12 months notice by the lender. The loan is guaranteed by the company's ultimate parent undertaking. As at 31 January 2009, the balance outstanding was £282.4 million (2008: £nil).

Transactions with directors and other related parties (continued)
During the period, the group was granted a loan from AIT Property Holdings Limited, which is under the common control of the company's ultimate parent undertaking. The debt is interest bearing and is repayable with no less than 13 months notice in writing by the lender. As at 31 January 2009, the balance outstanding was £20.4 million (2008: £nil).

During the period, the group charged management fees and recharged audit charges to Harrods Property Limited amounting to £0.1m (2008: £nil). The debtor outstanding at period end was £nil (2008: £nil). The maximum debtor balance during the period was £nil (2008: £nil).

There are no other related party transactions.

30 Ultimate parent undertaking

The company's immediate parent undertaking is AIT Property Holdings a company incorporated in Bermuda.

The ultimate parent undertaking is Mafco Holdings Limited, a company incorporated in Bermuda. All interests in the company continue to be controlled and held for the benefit of the Fayed family.