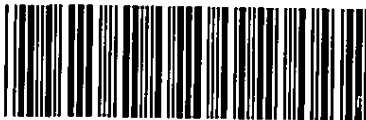


**HARRODS PROPERTY
LIMITED**

FINANCIAL STATEMENTS

**For the Period ended
29 JANUARY 2011**

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COMPANIES HOUSE

Company no 5985365

HARRODS PROPERTY LIMITED
FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

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The directors present their report together with the audited financial statements for the period ended 29 January 2011

Principal activity

The principal activity of the company is the ownership and management of property and buildings

Business review

There was a profit for the period after taxation amounting to £1.5m (2010 £23.2m). The directors did not pay a dividend in the period (2010 £nil).

During the period, one of the company's properties with a net book value of £44.8m was sold for a profit on disposal of £9.8m. Part of the proceeds was used to repay secured debt and to fund certain swap restructuring costs. The remaining proceeds were retained.

The market value of the properties held is approximately £205m (2010 £125m) higher than the carrying value in the accounts.

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 (resigned 07/05/10)

A Fayed (resigned 07/05/10)

O Fayed (resigned 03/03/09, re-appointed 09/04/10, resigned 07/05/10)

J Byrne (resigned 28/11/10)

A Tanna (resigned 07/05/10)

M Ward

B Smith

A M Al-Sayed (appointed 07/05/10)

A Armstrong (appointed 07/05/10, resigned 28/06/10)

H Al-Abdulla (appointed 07/05/10)

K Al Kuwari (appointed 07/05/10)

K Maamria (appointed 08/07/10)

Except as disclosed in note 18, no director has had a material interest, directly or indirectly, at any time during the period in any contract significant to the company.

Going concern

The company has a deficit of shareholders' funds at 29 January 2011. The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company has entered into appropriate hedging arrangements to ensure that its rental income is sufficient to meet the company's obligations due under its bank loan. The company has sufficient cash reserves to meet any administrative expenses.

Credit risk

The company has a significant loan to a related party. The loan to QH Partners Limited (formerly AIT Partners Limited) is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan.

Liquidity risk

Rents receivable from Harrods Limited are used to fund interest and loan repayments due under the company's bank loan. Cash flow risk on these rents is mitigated by the use of the swap arrangements disclosed in note 8 to the financial statements.

Interest rate risk

The company's exposure to interest rate fluctuations on its borrowings has been eliminated by entering into swap agreements that fix the rate of interest over the term of the borrowings.

Directors' Responsibilities Statement

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 laws). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is 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 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.

HARRODS PROPERTY LIMITED
REPORT OF THE DIRECTORS

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

Benedict Smith

B Smith
Director

26 July 2011

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HARRODS PROPERTY LIMITED

We have audited the financial statements of Harrods Property Limited for the period ended 29 January 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 19. 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 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

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 January 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

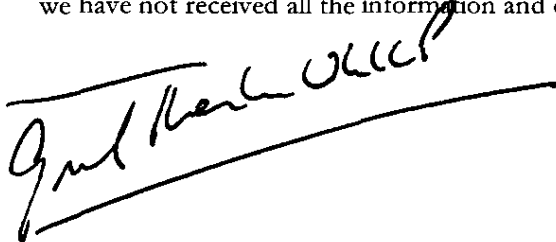
In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
HARRODS PROPERTY LIMITED**

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

A handwritten signature in black ink, appearing to read 'Simon Lowe', is written over a horizontal line. The signature is slanted upwards from left to right.

Simon Lowe
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

27 July 2011

Basis of Preparation

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

The company has a deficit of shareholders funds at 29 January 2011. The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company has entered into appropriate hedging arrangements to ensure that its rental income is sufficient to meet the company's obligations due under its bank loan. The company has sufficient cash reserves to meet any administrative expenses.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Turnover

Turnover is rental income from Harrods Limited and is accounted for on an accruals basis.

Tangible Fixed Assets and Depreciation

Freehold properties are stated at cost less accumulated depreciation. 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
Plant and fittings	3 - 20 years
Freehold property	10 - 50 years

It is the practice of the company to maintain its properties to a high standard. Accordingly, for the Harrods Department store in Knightsbridge, the directors consider that the life of this asset is so long, and the residual value (based upon prices prevailing at the time of the acquisition or subsequent valuation) is so high, that depreciation is immaterial. Any permanent diminution in the value of this property is charged to the profit and loss account as appropriate.

Operating leases

Where the company retains substantially all the risk and rewards of ownership of the asset subject to the lease, the asset is shown within tangible fixed assets. Rental income from these operating leases is recognised on a systematic basis over the period of the lease.

Deferred taxation

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

Issue costs

Costs associated with the issue of the bank loan are amortised over the period of the loan

Financial instruments

Interest differentials, under which the amount and periods for which interest rates on borrowings are varied, are reflected as adjustments to interest payable

The company has entered into financial instruments which fix rental income receivable and bank interest payable. The differential in rental income receivable and bank interest payable resulting from utilising these instruments is taken to the profit and loss account in the period to which the financing income or costs relate. As the company has not adopted the measurement criteria of FRS 26 the fair value of the financial instrument is not recognised, but is disclosed in the notes to the accounts.

HARRODS PROPERTY LIMITED
PROFIT AND LOSS ACCOUNT

For the period ended 29 JANUARY 2011

	Note	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Turnover	1	41,291	43,226
Administrative expenses	1	(3,654)	17,852
Operating profit		<u>37,637</u>	<u>61,078</u>
Profit on disposal of property	5	9,839	-
Profit on ordinary activities before interest and taxation		<u>47,476</u>	<u>61,078</u>
Net interest	2	(47,765)	(38,820)
(Loss)/profit on ordinary activities before taxation		<u>(289)</u>	<u>22,258</u>
Tax on (loss)/profit on ordinary activities	4	1,815	940
Profit retained and transferred to reserves	11	<u><u>1,526</u></u>	<u><u>23,198</u></u>

All transactions arise from continuing operations

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

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

HARRODS PROPERTY LIMITED
BALANCE SHEET AT 29 JANUARY 2011

	Note	At 29 January 2011 £'000	At 30 January 2010 £'000
Fixed assets			
Tangible assets	5	<u>647,822</u>	<u>696,174</u>
Current assets			
Debtors due within one year	6	2,926	423
Cash at bank		<u>10,554</u>	<u>184</u>
		13,480	607
Non current assets			
Debtors due after one year	6	271,005	274,904
Creditors, amounts falling due within one year	7	<u>(17,000)</u>	<u>(18,347)</u>
Total assets less current liabilities		<u>915,307</u>	<u>953,338</u>
Creditors: amounts falling due after more than one year	8	<u>(916,549)</u>	<u>(956,106)</u>
Net liabilities		<u>(1,242)</u>	<u>(2,768)</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	<u>(1,342)</u>	<u>(2,868)</u>
Shareholders' deficit	12	<u>(1,242)</u>	<u>(2,768)</u>

The financial statements were approved by the Board of Directors on *July 26* 2011

Benedict Smith

B Smith - Director

Company registration no 5985365

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

HARRODS PROPERTY LIMITED
CASH FLOW STATEMENT

For the period ended 29 JANUARY 2011

	Note	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Net cash inflow from operating activities	13	41,265	42,686
Returns on investments and servicing of finance			
Interest received		315	18
Interest paid		(41,022)	(37,812)
Net cash outflow from returns on investments and servicing of finance		<u>(40,707)</u>	<u>(37,794)</u>
Taxation received		347	616
Capital expenditure and financial investment			
Purchase of tangible fixed assets		-	(5,220)
Disposal of fixed assets	5	54,868	-
Repayment by QH Partners		-	8,116
Increase in loan from Harrods Limited		1,687	2,017
Decrease in loan from Harrods Limited		-	(8,668)
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>56,555</u>	<u>(3,755)</u>
Financing			
Repayment of bank borrowings	14	(47,090)	(5,610)
Net cash outflow from financing		<u>(47,090)</u>	<u>(5,610)</u>
Increase/(decrease) in cash	14,15	<u>10,370</u>	<u>(3,857)</u>

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

HARRODS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

1 Turnover and (loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after

	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Rents receivable from related parties	<u>41,291</u>	<u>43,226</u>

The (loss)/profit on ordinary activities before taxation is stated after

Auditors' remuneration		
Audit services	21	21
Exceptional credit for provision against loan to related party	-	(24,384)
Depreciation		
Tangible fixed assets owned	<u>3,483</u>	<u>5,798</u>

2 Net interest

	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Interest payable on bank loan	(34,128)	(37,383)
Amortisation of issue costs	(396)	(295)
Finance charge on swaps	<u>(13,556)</u>	<u>(1,158)</u>
	(48,080)	(38,836)
Interest receivable	315	16
Net interest payable	<u>(47,765)</u>	<u>(38,820)</u>

Finance charge on swaps includes the cost of reducing the notional principal amount under the company's interest rate swaps and the cost of reducing the nominal rent subject to the company's limited price inflation swap, following the sale of one of the company's properties (note 8)

3 Directors and employees

No emoluments were paid to the directors of the company during the period (2010 £nil)

The company did not employ any persons or incur any staff costs during the period (2010 £nil)

For the period ended 29 JANUARY 2011

4 Tax on (loss)/profit on ordinary activities

The tax credit is based on the (loss)/profit for the period and represents

	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Current tax		
Group relief	2,743	347
Prior Period adjustment	9	-
	<u>2,752</u>	<u>347</u>
Deferred tax		
Accelerated capital allowances	(937)	593
Total tax credit	<u>1,815</u>	<u>940</u>
Factors affecting current period corporation tax		
The current period corporation tax assessed for the period is lower than the standard rate of corporation tax of 28% (2010 28%)		
(Loss)/profit on ordinary activities before tax	<u>(289)</u>	<u>22,258</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2010 28%)	81	(6,232)
Effect of		
Impairment of receivable not allowable for tax	-	6,827
Transfer pricing adjustments	569	1,191
Depreciation in excess of capital allowances	(661)	(1,439)
Profit on sale of property not subject to corporate income tax	2,754	-
Prior year adjustment	9	-
Current tax credit for the period	<u>2,752</u>	<u>347</u>

HARRODS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

5 Tangible fixed assets

	Freehold properties £'000
Cost	
At 31 January 2010	714,135
Additions	161
Disposals	(53,850)
Written off	(314)
At 29 January 2011	<u>660,132</u>
Depreciation	
At 31 January 2010	17,961
Provided in the year	3,483
Disposals	(9,019)
Written off	(115)
At 29 January 2011	<u>12,310</u>
Net book amount:	
At 29 January 2011	<u>647,822</u>
At 30 January 2010	<u>696,174</u>

Freehold properties are stated at historic cost

All of the company's fixed assets are held for use in operating leases. Accordingly, during the period rental income of £41.3m (2010 £43.2m) has been recognised in respect of these operating leases.

The market value of the properties held is approximately £205m (2010 £141m) higher than the carrying value in the accounts.

During the period, one of the company's properties with a net book value of £44.8m was sold for £55m. Part of the proceeds was used to repay secured debt and to fund certain swap restructuring costs. The remaining proceeds were retained. Net of transaction costs, the company recorded a profit on disposal of £9.8m.

6 Debtors

	29 January 2011 £'000	30 January 2010 £'000
Amounts due within one year		
Prepayments and accrued income	173	76
Corporation tax receivable	2,753	347
	<u>2,926</u>	<u>423</u>

HARRODS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

Debtors (continued)

	29 January 2011 £'000	30 January 2010 £'000
Amounts due after more than one year:		
Loan to a related party (note 18)	271,005	274,259
Deferred tax asset (note 9)	-	645
	<u>271,005</u>	<u>274,904</u>

The related party loan to QH Partners Limited (formerly AIT Partners Limited), a company under the common control of the company's ultimate parent undertaking, is non interest bearing and is repayable with not less than 12 months notice by the company. The gross amount outstanding is £271.0m (2010 £274.3m). This loan is considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan.

7 Creditors: amounts falling due within one year

	29 January 2011 £'000	30 January 2010 £'000
Syndicated bank loan (note 8)	7,752	6,891
Amounts due to related parties	-	2,017
Accruals and deferred income	3,735	3,535
Bank interest payable	5,513	5,904
	<u>17,000</u>	<u>18,347</u>

8 Creditors: amounts falling due after more than one year

	29 January 2011 £'000	30 January 2010 £'000
Syndicated bank loan repayable by instalments (refer (i) below)	570,467	618,022
Loan from related party (refer (ii) below)	287,030	286,377
Unamortised swap liability owing to swap counterparty (refer (ii) below)	58,760	51,707
Deferred tax liability (note 9)	292	-
	<u>916,549</u>	<u>956,106</u>

For the period ended 29 JANUARY 2011

Creditors: amounts falling due after more than one year (continued)

	29 January 2011 £'000	30 January 2010 £'000
The maturity profiles of the company's syndicated bank borrowings at the period end were as follows		
In one year or less	7,752	6,891
Between one and two years	8,863	8,266
Between two and three years	10,702	9,451
Between three and four years	12,296	11,412
Between four and five years	13,924	13,111
Between five and ten years	526,199	577,695
	<u>579,736</u>	<u>626,826</u>
Issue costs	(2,854)	(2,854)
Amortisation charged to date	1,337	941
	<u>578,219</u>	<u>624,913</u>
Comprises		
Within one year	7,752	6,891
More than one year	<u>570,467</u>	<u>618,022</u>
	<u>578,219</u>	<u>624,913</u>

(i) During the period, repayments of £47.1m (2010 £5.6m) were made on the syndicated bank loan, £40.4m of this was a prepayment of debt following the sale of one of the company's properties. The balance at 29 January 2011 stands at £579.7m (2010 £626.8m)

The syndicated bank loan is repayable quarterly in advance over 10 years with a final payment of £550.6m due in December 2016. The loan is secured by way of fixed and floating charges over the company's land and buildings. Interest is linked to LIBOR. The company entered into a swap arrangement to eliminate interest rate risk. Subsequent to the prepayment of debt, the notional principal value subject to the interest rate swaps was reduced over the remaining life of the loan by £40.2m. This resulted in a finance charge of £5.4m (note 2). At 29 January 2011 the fair value of the swap amounted to a liability of £66.0m.

(ii) The company has a limited price inflation ("LPI") swap to eliminate the inflation risk on its rental income. Embedded in the LPI swap is a previous liability assumed of £52.6m. Following the disposal of one of the company's properties (note 5), the total rent charged to Harrods Limited was reduced by the amount of rent for this property. As a consequence, the company reduced the nominal rent subject to the LPI swap. In compensation for this reduction, the fixed rate of inflation received by the company under the LPI swap was also reduced by the swap counterparty. This restructure of the LPI swap resulted in an increase in the LPI creditor recorded in the company's balance sheet of £7.9m, and a corresponding financing charge in the year of this amount. The total LPI swap creditor is amortised over the period of the swap. At 29 January 2011 the fair value of the swap amounted to a liability of £139.3m.

(iii) The related party loan from Harrods Limited, a company under the common control of the company's ultimate parent undertaking, is non interest bearing and is repayable on demand by the lender. However, the debt is subject to a deed of subordination between the lender and Royal Bank of Scotland plc for so long as the company's bank debt remains outstanding.

HARRODS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

9 Deferred taxation

Deferred taxation provided for in the financial statements is set out below

	Amount provided	
	29	30
	January	January
	2011	2010
	£'000	£'000
Balance at 30 January 2010	645	52
Transfer (to)/from profit and loss account	<u>(937)</u>	<u>593</u>
Balance at 29 January 2011	<u><u>(292)</u></u>	<u><u>645</u></u>

In addition to the amount provided for deferred taxation, there are potential liabilities in respect of deferred taxation (after utilisation of capital losses) of £10.3m (2010 £26.3m) if the properties were disposed of at the current carrying value. In the opinion of the directors the potential liabilities in respect of capital gains are unlikely to arise since the properties will be retained for use by the business.

10 Share capital

	2011	2010
	£'000	£'000
<u>Authorised</u>		
100,002 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<u>Allotted and fully paid</u>		
100,002 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Reserves

	Profit and loss account £'000
At 30 January 2010	(2,868)
Profit for the period	<u>1,526</u>
At 29 January 2011	<u><u>(1,342)</u></u>

HARRODS PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 JANUARY 2011

12 Reconciliation of movements in shareholders' deficit

	2011 £'000	2010 £'000
Profit for the period	1,526	23,198
Shareholders' deficit at 31 January 2010	<u>(2,768)</u>	<u>(25,966)</u>
Shareholders' deficit at 29 January 2011	<u><u>(1,242)</u></u>	<u><u>(2,768)</u></u>

13 Net cash inflow from operating activities

	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Operating profit	37,637	61,078
Depreciation (note 1)	3,483	5,798
Impairment provision (note 1)	-	(24,384)
(Increase)/decrease in debtors	(96)	86
(Decrease)/increase in deferred income	(1)	118
Increase/(decrease) in creditors	<u>242</u>	<u>(10)</u>
Net cash inflow from operating activities	<u><u>41,265</u></u>	<u><u>42,686</u></u>

14 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 29 January 2011 £'000	52 weeks ended 30 January 2010 £'000
Increase/(decrease) in cash in the period	10,370	(3,857)
Repayment of syndicated bank borrowings	47,090	5,610
(Borrowing from)/repayments to related parties	<u>(1,687)</u>	<u>8,668</u>
Movement in net debt in the period	55,773	10,421
Other non cash charges (note 15)	(6,415)	235
Net debt at 31 January 2010	<u>(962,813)</u>	<u>(973,469)</u>
Net debt at 29 January 2011	<u><u>(913,455)</u></u>	<u><u>(962,813)</u></u>

15 Analysis of changes in net debt

	At 31 Jan 2010 £'000	Cash flow £'000	Other non- cash movement £'000	At 29 Jan 2011 £'000
Cash in hand	184	10,370	-	10,554
Bank loan	(624,913)	47,090	(396)	(578,219)
Loan from related party (note 18)	(286,377)	(1,687)	1,034	(287,030)
Unamortised swap liability (note 8)	(51,707)	-	(7,053)	(58,760)
	<u>(962,813)</u>	<u>55,773</u>	<u>(6,415)</u>	<u>(913,455)</u>

The non cash charges include the cost of the restructure of the LPI swap which resulted in an increase in the LPI creditor recorded in the company's balance sheet of £7.9m before amortisation charges for the year of £0.8m (note 8)

16 Capital commitments

The company had no capital commitments at 29 January 2011 or 30 January 2010

17 Contingent liabilities

In December 2006, the company granted a second charge over the company's properties in favour of the trustee of the Harrods Group Pension Plan as security for the payment and discharge of the liabilities of the pension plan of Harrods Holdings Limited, the principal employer, and other connected and associated persons

The company also has contingent liabilities in respect of its interest rate swaps and LPI swap, as detailed in note 8. However, these would only be incurred if the swaps were terminated before the relevant termination date

For the period ended 29 JANUARY 2011

18 Transactions with directors and other related parties

The related party loan from Harrods Limited, a company under the common control of the company's ultimate parent undertaking, is non interest bearing and is repayable on demand by the lender. However, the debt is subject to a deed of subordination between the lender and Royal Bank of Scotland plc for so long as the company's bank debt remains outstanding. At the period end, the loan outstanding was £286.5m (2010 £286.4m).

An amount of £1.7m was paid on behalf of the company in June 2010, by Harrods Limited. This amount was added to the loan and is included in the loan outstanding of £286.5m.

The property leases with Harrods Limited are for a term of 35 years commencing 5 December 2006, with the initial rent commencing at £39.7m per annum, receivable quarterly in advance. Rent is reviewed annually calculated by using the applicable Retail Price Index (RPI). At 5 December 2010, current rent was £42.5m per annum.

During the period the company charged rent of £41.3m (2010 £43.2m) to Harrods Limited, the lessee. At the period end, the balance of rent received in advance was £3.5m (2010 £3.5m).

During the period the company was recharged for fixed assets additions amounting to £0.2m (2010 £5.9m) from Harrods Limited. At the period end, the creditor balance was £nil (2010 £2.0m).

The related party loan to QH Partners Limited (formerly AIT Partners Limited), a company under the common control of the company's ultimate parent undertaking, is non interest bearing and is repayable with not less than 12 months notice by the company. The loan is considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan.

There are no other related party transactions.

19 Ultimate parent undertaking

The company's immediate and ultimate United Kingdom parent undertaking is Harrods Property Holdings Limited, which is both the smallest and the largest group which consolidates the results of the company. The group accounts will be filed with the Register of Companies in due course.

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.