

Registered number: 0835993

Harrods Estates Limited


Unaudited

Directors' Report and Financial Statements

For the Period Ended 30 January 2016

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Harrods Estates Limited

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Harrods Estates Limited

Directors' Report For the Period Ended 30 January 2016

The directors present their report and the financial statements for the period ended 30 January 2016

Principal activity

The principal activity of the company is that of estate agents and property managers

Business review

The directors consider the trading performance of the company to be in line with the central London prime residential property market which slowed towards the end of 2014 and saw very low volumes of sales throughout 2015

Results and dividends

The loss for the period, after taxation, amounted to £1,826,599 (2015 - loss £473,795) The directors do not recommend the payment of a dividend (2015 £nil)

Directors

The directors who served during the period were

J M P Cook
S R Humphrey (resigned 31 March 2016)
K K Boland (resigned 31 March 2015)
S P Drummond
Raine, Countess Spencer
H E H A Al-Abdulla (resigned 2 February 2015)
H E A M Al-Sayed (resigned 2 February 2015)
E Woolgar (appointed 21 October 2015)
R Stephenson (appointed 21 October 2015)

Disabled employees

It is the policy of the company 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

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 company through team meetings and updates as well as through individual performance appraisals

Credit Risk

The company's principal credit risk relates to the recovery of trade debtors. Credit risk is mitigated by the ability to offset amounts due against income received from tenants (lettings), service charges received from leaseholders (property management), or recovered from solicitors on completion of sale (sales). Credit risk is further managed by reviewing aged debtors on a regular basis

Harrods Estates Limited

**Directors' Report
For the Period Ended 30 January 2016**

Interest rate risk

Exposure to interest rate risk is limited through the use of fixed interest rates on inter company loans

Going concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

KPIs

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



Harrods Estates Limited

**Directors' Report
For the Period Ended 30 January 2016**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

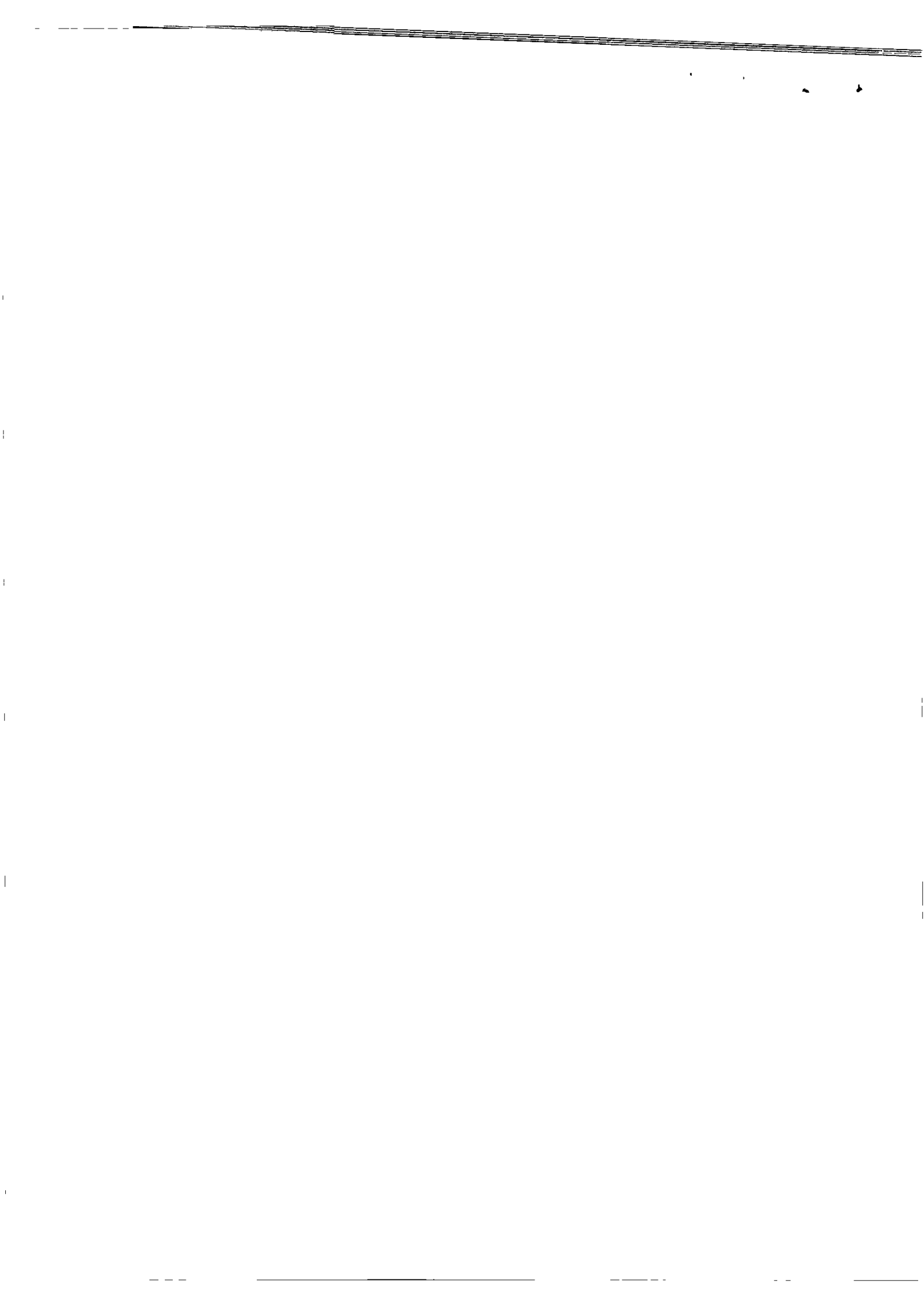
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

This report was approved by the board on 7 June 2016 and signed on its behalf



D J Webster
Company secretary

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



Harrods Estates Limited

**Profit and Loss Account
For the Period Ended 30 January 2016**

	Note	52 weeks ended 30 January 2016 £	52 weeks ended 31 January 2015 £
Turnover	2	2,224,257	3,095,831
Cost of sales		<u>(2,119,929)</u>	<u>(2,314,178)</u>
Gross profit		104,328	781,653
Distribution costs		(2,065)	(15,600)
Administrative expenses		<u>(2,216,359)</u>	<u>(1,642,041)</u>
Operating loss		(2,114,096)	(875,988)
Income from shares in group companies		-	250,000
Interest receivable and similar income	7	604	782
Interest payable and expenses	8	(164,233)	(46,793)
Other finance income		<u>(196)</u>	<u>(2,329)</u>
Loss before tax		(2,277,921)	(674,328)
Tax on loss	10	451,322	200,533
Loss for the period		<u>(1,826,599)</u>	<u>(473,795)</u>

The notes on pages 9 to 23 form part of these financial statements



Harrods Estates Limited

**Statement of Comprehensive Income
For the Period Ended 30 January 2016**

	52 weeks ended 30 January 2016	<i>52 weeks ended 31 January 2015</i>
Note	£	£
Loss for the financial period	<u>(1,826,599)</u>	<u><i>(473,795)</i></u>
Other comprehensive income		
Actuarial gain on defined benefit schemes	19 120,372	<i>(171,080)</i>
Movement on deferred tax relating to pension gains	(21,667)	<i>30,794</i>
Other comprehensive income for the period	<u>98,705</u>	<u><i>(140,286)</i></u>
Total comprehensive income for the period	<u>(1,727,894)</u>	<u><i>(614,081)</i></u>

Harrods Estates Limited
Registered number: 0835993

Balance Sheet
As at 30 January 2016


	Note	30 January 2016 £	31 January 2015 £
Fixed assets			
Tangible assets	11	520,369	265,544
Investments	12	2	2
		520,371	265,546
Current assets			
Debtors amounts falling due within one year	13	1,025,100	754,553
Cash at bank and in hand		108,190	40,583
		1,133,290	795,136
Creditors amounts falling due within one year	14	(3,671,733)	(541,132)
Net current (liabilities)/assets		(2,538,443)	254,004
Total assets less current liabilities		(2,018,072)	519,550
Creditors amounts falling due after more than one year	15	(511,071)	(1,133,261)
Pension liability/asset	19	134,494	(53,044)
Net assets		(2,394,649)	(666,755)
Capital and reserves			
Called up share capital	16	640,000	640,000
Profit and loss account		(3,034,649)	(1,306,755)
		(2,394,649)	(666,755)

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Act

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2016


J M P Cook
Director

The notes on pages 9 to 23 form part of these financial statements

Harrods Estates Limited

**Statement of Changes in Equity
As at 30 January 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 February 2015	640,000	(1,306,755)	(666,755)
Comprehensive income for the period			
Loss for the period	-	(1,826,599)	(1,826,599)
Actuarial gains on pension scheme	-	98,705	98,705
Other comprehensive income for the period	-	98,705	98,705
Total comprehensive income for the period	-	(1,727,894)	(1,727,894)
Total transactions with owners	-	-	-
At 30 January 2016	640,000	(3,034,649)	(2,394,649)

Harrods Estates Limited

**Statement of Changes in Equity
As at 31 January 2015**

	Share capital	Retained earnings	Total equity
	£	£	£
At 2 February 2014	640,000	(692,674)	(52,674)
Comprehensive income for the period			
Loss for the period	-	(473,795)	(473,795)
Actuarial losses on pension scheme	-	(140,286)	(140,286)
Other comprehensive income for the period	-	(140,286)	(140,286)
Total comprehensive income for the period	-	(614,081)	(614,081)
Total transactions with owners	-	-	-
At 31 January 2015	<u>640,000</u>	<u>(1,306,755)</u>	<u>(666,755)</u>

The notes on pages 9 to 23 form part of these financial statements

Harrods Estates Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006

Information on the impact of first-time adoption of FRS 102 is given in note 23

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Application of FRS 102 is required for all accounting periods beginning on or after 1 January 2015 (the effective date). This is the first year of adoption for the Company. In accordance with section 35.6 the standard has been applied to all comparatives (reported balances for financial periods ending 31 January 2015 and 1 February 2014) and related information.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows,
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d),
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Harrods Limited as at 30 January 2016 and these financial statements may be obtained from the Registrar of Companies.

1.3 Turnover

Agency fees on property sales are recognised on exchange of contract, letting fees are recognised as turnover on receipt of funds from tenants to the extent that these fees are guaranteed (as determined by the specific terms of each contract), and property management fees are recognised in the period in which the service is provided.

1.4 Tangible fixed assets

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.

Depreciation is provided on the following bases:

Fixtures and fittings	-	3 to 10 years
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1.5 Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.



Harrods Estates Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

1. Accounting policies (continued)

1.6 Investments

Investments are included at cost less any impairment

1.7 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.

1.8 Pensions

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

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet.

A net surplus is recognised only to the extent that it is recoverable by the company. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits includes the interest cost on the scheme liabilities for the period and the interest income on the scheme assets and are included in finance costs. In addition, administrative expenses which are funded by the group are also charged to the profit and loss account under operating costs.

Actuarial gains and losses including return on assets in excess or short of the interest income as well as movement in the liabilities due to changes in assumptions net of the interest costs as well as experience adjustments are recorded in other comprehensive income.

Disclosure has been made of the assets and liabilities under FRS102 sections 28.41 and 28.41A.

2 Analysis of turnover

The turnover and loss on ordinary activities before taxation is attributable to continuing operations as follows

	52 weeks ended 30 January 2016 £	52 weeks ended 31 January 2015 £
Turnover excluding VAT arises from operations in the United Kingdom	<u>2,224,257</u>	<u>3,095,831</u>

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

3. Operating loss

The operating loss is stated after charging

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Operating leases	491,788	<i>359,877</i>
Depreciation of tangible fixed assets	<u>91,298</u>	<i><u>44,935</u></i>

4. Employees

Staff costs were as follows

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Wages and salaries	1,824,527	<i>1,975,156</i>
Social security costs	211,367	<i>232,998</i>
Cost of defined contribution scheme	72,316	<i>95,575</i>
	<u>2,108,210</u>	<i><u>2,303,729</u></i>

The average monthly number of employees, including the directors, during the period was as follows

	52 weeks ended 30 January 2016 No.	<i>52 weeks ended 31 January 2015 No</i>
Average number of employees	<u>25</u>	<i><u>27</u></i>

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

5. Directors' remuneration

During the period retirement benefits were accruing to 2 directors (2015 - 4) in respect of defined contribution pension schemes

During the period retirement benefits were accruing to 3 directors (2015 - 4) in respect of defined benefit pension schemes

Remuneration in respect of directors was as follows

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Emoluments	760,539	<i>861,787</i>
	<u>760,539</u>	<u><i>861,787</i></u>

Included in emoluments for the period ended 30 January 2016 are pension contributions of £41,926 (2015 £50,834) The value of emoluments incurred directly by the company was £760,539 (2015 £861,787)

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

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Emoluments	296,074	<i>291,371</i>
	<u>296,074</u>	<u><i>291,371</i></u>

6 Dividends

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Dividends receivable from group undertakings	<u>-</u>	<u><i>(250,000)</i></u>

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

7. Interest receivable

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Interest receivable from group companies	478	583
Other interest receivable	126	199
	604	<i>782</i>

8. Interest payable and similar charges

	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Loans from group undertakings	164,233	46,793
	164,233	<i>46,793</i>

9. Other finance costs

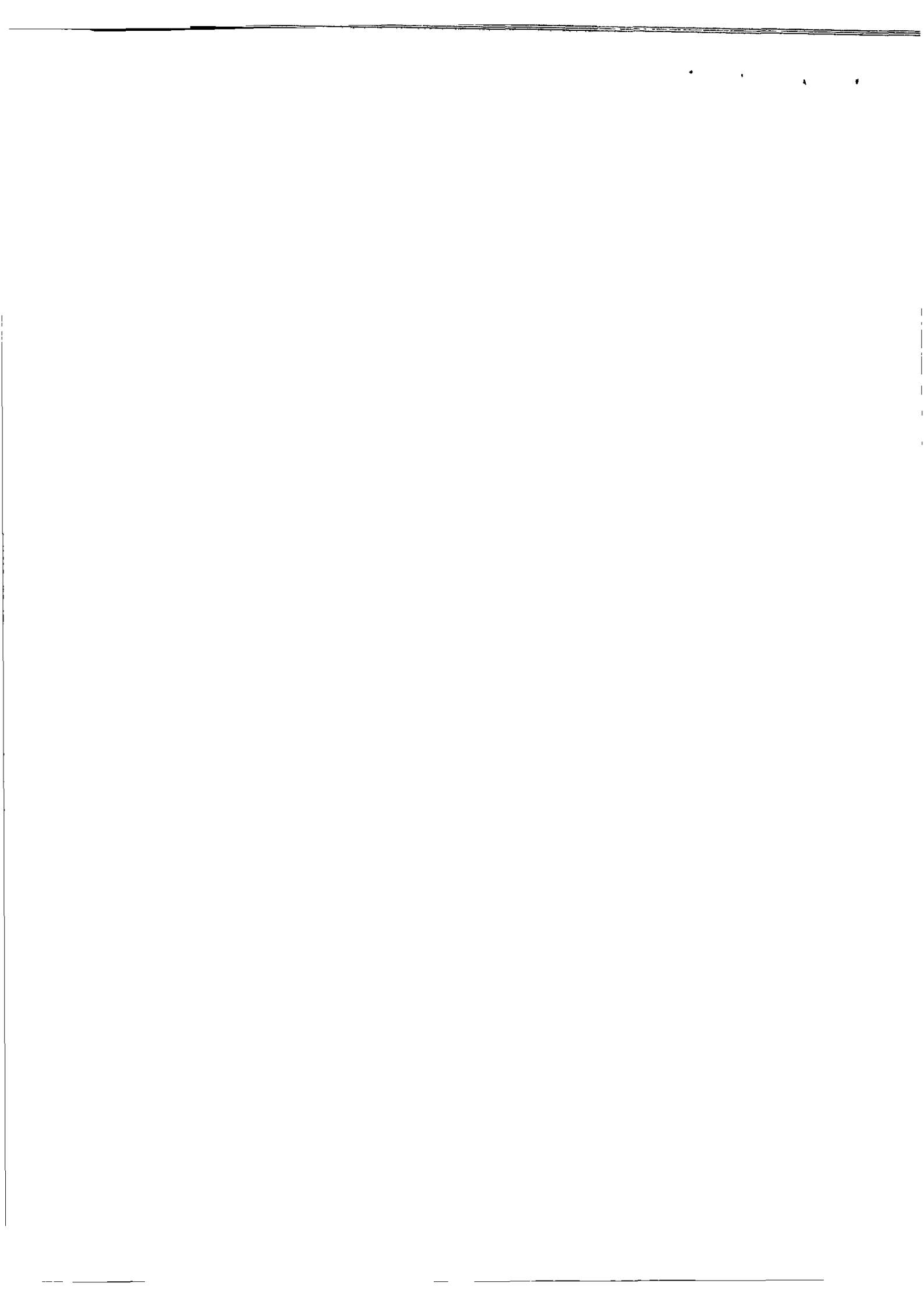
	52 weeks ended 30 January 2016 £	<i>52 weeks ended 31 January 2015 £</i>
Net interest on net defined benefit liability	(196)	(2,329)

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

10. Taxation

	52 weeks ended 30 January 2016 £	52 weeks ended 31 January 2015 £
Current tax		
Group relief receivable for the period	(476,882)	(210,914)
Adjustments in respect of prior years	6,114	2,232
Total current tax	<u>(470,768)</u>	<u>(208,682)</u>
Deferred tax		
Origination and reversal of timing differences	20,136	11,552
Adjustments in respect of prior years	(690)	(3,403)
Total deferred tax	<u>19,446</u>	<u>8,149</u>
Total taxation on loss on ordinary activities	<u>(451,322)</u>	<u>(200,533)</u>
Total current and deferred tax relating to items within other comprehensive income	<u>(21,667)</u>	<u>30,794</u>
 Factors affecting tax charge for the period		
The tax assessed for the period is higher than <i>(2015 - lower than)</i> the standard rate of corporation tax in the UK of 20 16% (2015 21 32%) The differences are explained below		
	52 weeks ended 30 January 2016 £	52 weeks ended 31 January 2015 £
Loss on ordinary activities before tax	<u>(2,277,921)</u>	<u>(674,328)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20 16% (2015 - 21 32%)	(459,229)	(143,767)
Effects of		
Expenses not deductible for tax purposes	3,821	311
Impact of tax rate changes	(1,338)	(2,589)
Adjustments in respect of prior periods	5,424	(1,180)
Non-taxable dividends	-	(53,308)
Total tax credit for the period	<u>(451,322)</u>	<u>(200,533)</u>



Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

10. Taxation (continued)

The standard rate of tax applied to profit on ordinary activities is 20 16% (2015 21 32%) The tax rate for the year has reduced following the gradual reduction of the corporation tax rates introduced in Finance Act 2013, with a tax rate of 20% applicable from 1 April 2015

Following the substantive enactment of Finance (No 2) Act 2015 on 18 November 2015, future tax rates will further decrease from 20% to 19% from 1 April 2017 and then down to 18% from 1 April 2020 As a result, deferred tax balances have been calculated using 18% on the basis that the assets/liabilities are expected to unwind over a number of years

On 16 March 2016 the Chancellor of the exchequer announced in his Budget that corporation tax rates will further decrease to 17% and this will replace the expected decrease to 18% from 1 April 2020

Deferred Tax

Deferred tax provided for at 18% (2015 18% and 20%) in the financial statements is set out below

	52 weeks ended 30 January 2016	<i>52 weeks ended 31 January 2015</i>
Fixed assets	11,438	7,413
Provisions	2,207	6,179
Defined benefit pension scheme (liability)/asset	(29,524)	11,643
	<u>(15,879)</u>	<i><u>25,235</u></i>

11. Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 February 2015	31,435	680,747	29,699	741,881
Additions	-	337,021	9,102	346,123
At 30 January 2016	31,435	1,017,768	38,801	1,088,004
Depreciation				
At 1 February 2015	30,693	415,945	29,699	476,337
Charge owned for the period	742	89,016	1,540	91,298
At 30 January 2016	31,435	504,961	31,239	567,635
At 30 January 2016	-	512,807	7,562	520,369
<i>At 31 January 2015</i>	<i>742</i>	<i>264,802</i>	<i>-</i>	<i>265,544</i>

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

12 Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2015 and at 30 January 2016	2
 Net book value	
At 30 January 2016 and at 31 January 2015	2

The fixed asset investment of £2 (2015 £2) represents the net book value of 2 ordinary shares held in the wholly owned subsidiary undertaking PL Management Company Limited, a company registered in England and Wales

13. Debtors

	30 January 2016 £	31 January 2015 £
Trade debtors	375,281	381,424
Amounts owed by group undertakings	13,968	11,140
Group relief receivable	470,768	208,682
Other debtors	2,110	-
Prepayments and accrued income	149,328	139,715
Deferred taxation	13,645	13,592
	1,025,100	754,553

14 Creditors. Amounts falling due within one year

	30 January 2016 £	31 January 2015 £
Trade creditors	54,142	30,836
Amounts owed to group undertakings	3,013,052	-
Taxation and social security	43,396	28,381
Other creditors	23,166	23,015
Accruals and deferred income	537,977	458,900
	3,671,733	541,132

Amounts owed to group undertakings include a non-interest bearing current account payable on demand by the lender, with Harrods Limited of £3,013,052 (2015 due after more than one year £620,616)
Amounts previously classified as due after more than one year have been reallocated to amounts due within one year in the current year



Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

15. Creditors: Amounts falling due after more than one year

	30 January 2016 £	31 January 2015 £
Amounts owed to group undertakings	498,817	1,119,433
Accruals and deferred income	12,254	13,828
	<u>511,071</u>	<u>1,133,261</u>

Amounts owed to group undertakings include an interest bearing loan at 7.11%, with Harrods Limited of £498,817 (2015: £498,817). The debt is unsecured and repayable with not less than 13 months prior written notice.

16. Share capital

	30 January 2016 £	31 January 2015 £
Authorised, allotted, called up and fully paid		
640,000 Allotted, called up and fully paid shares of £1 each	<u>640,000</u>	<u>640,000</u>

Each ordinary share represents one vote. There are no restrictions or preferences placed on these shares.

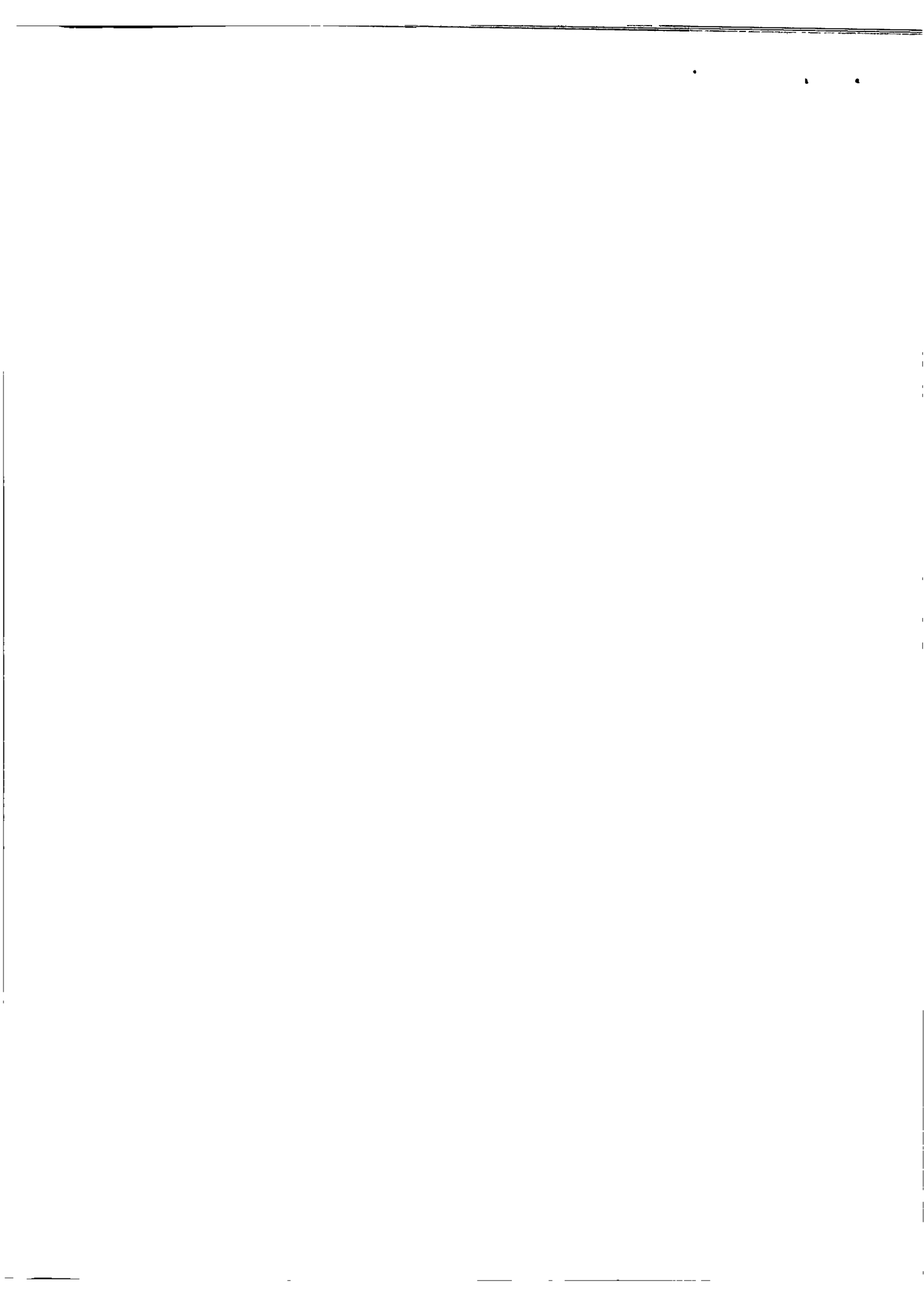
17. Contingent liabilities

The Harrods Group (Holding) Group's cash netting facility is guaranteed by Harrods Estates Limited and other group companies.

There were no other contingent liabilities at 30 January 2016 or at 31 January 2015.

18. Capital commitments

The company had no capital commitments at 30 January 2016 or at 31 January 2015.



Harrods Estates Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

19. Pension commitments

Defined benefit pension scheme

During the period the group operated the Harrods Group Pension Plan ("the Plan"), an approved defined benefit scheme. This scheme was closed to new membership and new accruals in April 2006.

The funding position of the Plan is monitored by the Trustees and the Harrods Group on a quarterly basis and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

An actuarial valuation of the Plan as at 5 April 2015 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £45m as at 5 April 2015, a funding level of 93%. At the previous valuation at 5 April 2012, the shortfall was £77m equating to a funding level of 85%.

A revised recovery plan was subsequently agreed. In order for the Plan to be fully funded by 31 March 2021, the Trustees and Principal Employer agreed the following on 24 March 2016:

- Annual contributions totalling £5.0m per annum payable in each of 2016, 2017, 2018, 2019, 2020 with a final payment of £1.25m in March 2021.
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.
- A number of changes to the investment strategy to be implemented with the aim of de-risking the plan.
- Recognising the risks inherent in the performance of the financial markets during the deficit correction period, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

During the period ended 30 January 2016, the participating employers made total contributions to the plan of £20.3m (2015: £15.9m).

Harrods Estates Limited

Notes to the Financial Statements
For the Period Ended 30 January 2016

19. Pension commitments (continued)

Reconciliation of present value of plan liabilities

	30 January 2016 £	31 January 2015 £
At the beginning of the year	(3,097,932)	(1,292,253)
Interest cost	(96,768)	(114,598)
Actuarial gains/losses	327,422	(488,118)
Deferred tax on actuarial gain/loss	(41,167)	15,174
Benefits paid	75,057	79,671
Past service cost	-	(1,297,808)
At the end of the year	<u>(2,833,388)</u>	<u>(3,097,932)</u>

Reconciliation of present value of plan assets

	30 January 2016 £	31 January 2015 £
At the beginning of the year	3,044,888	1,298,494
Interest income	96,572	135,632
Actuarial gains/losses	(207,049)	293,675
Contributions	113,546	89,107
Benefits paid	(75,057)	(79,671)
Past service cost	(5,018)	1,307,651
At the end of the year	<u>2,967,882</u>	<u>3,044,888</u>

Composition of plan assets

	30 January 2016 £	31 January 2015 £
Equities	989,800	992,314
Debt instruments	1,212,674	1,230,326
Cash	84,683	276,041
Other assets	680,725	546,207
Total plan assets	<u>2,967,882</u>	<u>3,044,888</u>

	30 January 2016 £	31 January 2015 £
Fair value of plan assets	2,967,882	3,044,888
Present value of plan liabilities	(2,833,388)	(3,097,932)
Net pension scheme liability	<u>134,494</u>	<u>(53,044)</u>

Harrods Estates Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

19. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £(545,604) (2015 - £(681,902))

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

	2016	2015
Discount rate	3.75%	3.15%
Inflation	3.00%	2.70%
Future pension increases	2.20%	1.90%
Expected return on scheme assets – Equities	- %	5.10%
Expected return on scheme assets – Cash	- %	1.40%
Expected return on scheme assets – Other	- %	3.20%

Post retirement (at age 60) mortality assumptions

Current pensioners at retirement age – male	28.0	28.2
Current pensioners at retirement age – female	29.9	30.5
Future pensioners at retirement age - male	30.4	30.7
Future pensioners at retirement age - female	32.2	33.0

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2016	2015	2014	2013	2012
	£	£	£	£	£
Defined benefit obligation	(2,833,388)	(3,097,932)	(1,288,720)	(1,246,009)	(1,176,955)
Scheme assets	2,967,882	3,044,888	1,298,494	1,266,290	1,184,272
Surplus/(deficit) in scheme	<u>134,494</u>	<u>(53,044)</u>	<u>9,774</u>	<u>20,281</u>	<u>7,317</u>

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

20. Commitments under operating leases

At 30 January 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows

	30 January 2016	<i>31 January 2015</i>
	£	£
Land and buildings		
Within one year	448,399	448,399
Within two and five years	1,456,332	1,603,731
Over five years	1,103,667	1,404,667
Total	<u>3,008,398</u>	<u>3,456,797</u>

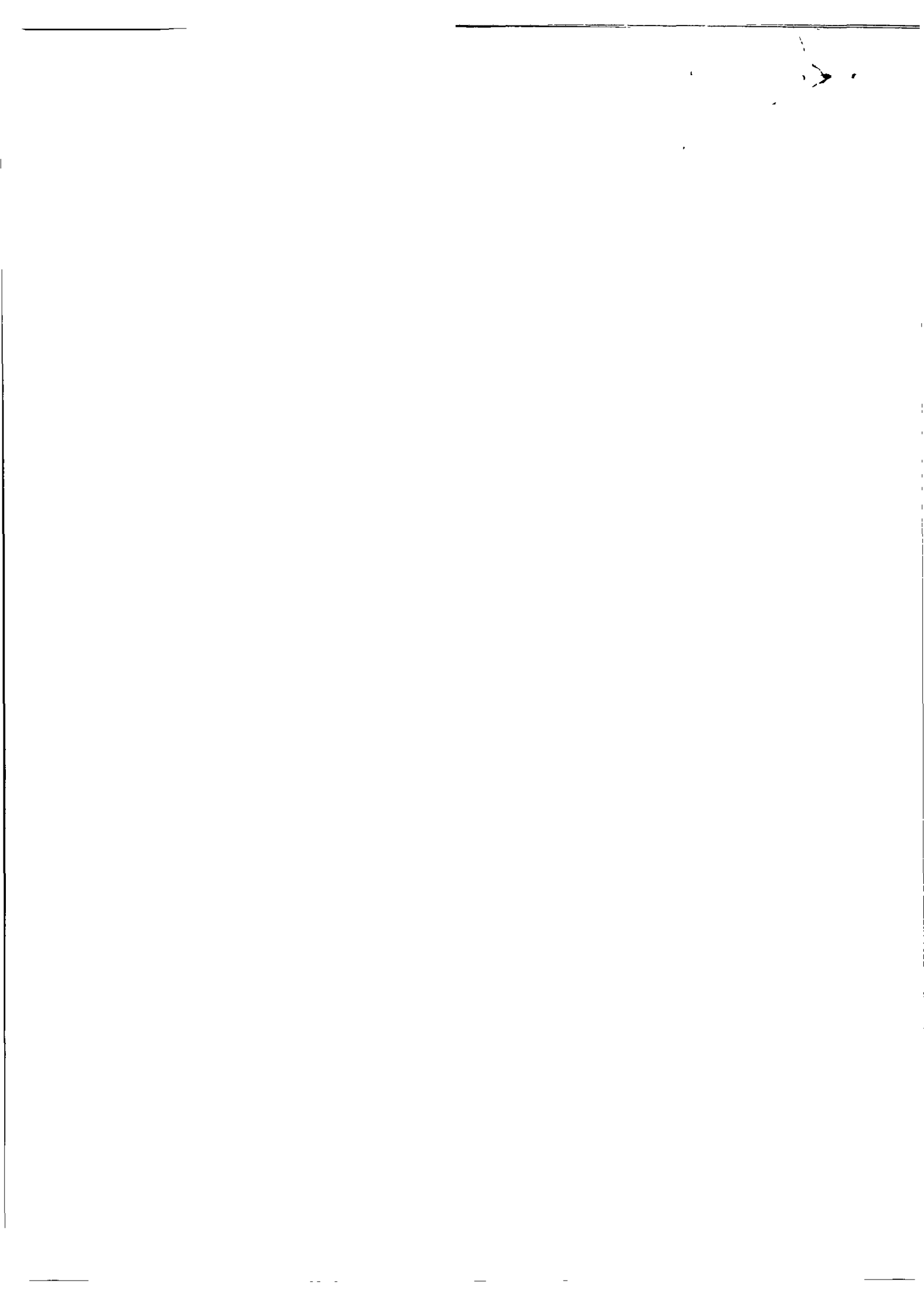
21. Related party transactions

The company has taken advantage of the exemption in FRS102, 33 7 "Related Party Disclosures" from disclosing transactions with other members of the group

22. Ultimate parent undertaking

Harrods Estates Limited is a company registered in England and Wales. The ultimate United Kingdom parent undertaking of Harrods Estates Limited is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited and the smallest such group of undertakings, including the company, is headed by Harrods Limited. The group accounts will be filed with the Registrar 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.



Harrods Estates Limited

23 First time adoption of FRS 102

The company transitioned to FRS102 from previously extant UK GAAP as at 1 February 2015. The impact of the transition to FRS102 is as follows

Reconciliation of Balance Sheet

	AS previously stated 1 February 2014 £	Effect of transition 1 February 2014 £	FRS 102 (as restated) 1 February 2014 £	AS previously stated 31 January 2015 £	Effect of transition 31 January 2015 £	FRS 102 (as restated) 31 January 2015 £
Fixed assets	248,949	-	248,949	265,546	-	265,546
Current assets	1,289,608	2,576	1,292,184	788,956	6,180	795,136
Creditors amounts falling due within one year	(780,683)	(3,206)	(783,889)	(522,834)	(18,298)	(541,132)
Net current assets	508,925	(630)	508,295	266,122	(12,118)	254,004
Total assets less current liabilities	757,874	(630)	757,244	531,668	(12,118)	519,550
Creditors amounts falling due after more than one year	(815,280)	(10,724)	(826,004)	(1,119,433)	(13,828)	(1,133,261)
Provisions for liabilities	-	16,086	16,086	(51,750)	(1,294)	(53,044)
Net liabilities	(57,406)	4,732	(52,674)	(639,515)	(27,240)	(666,755)
Capital and reserves	(57,406)	4,732	(52,674)	(639,515)	(27,240)	(666,755)

Harrods Estates Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

23. First time adoption of FRS 102 (continued)

Reconciliation of Profit and Loss

	<i>As previously stated 31 January 2015 £</i>	<i>Effect of transition 31 January 2015 £</i>	FRS 102 (as restated) 31 January 2015 £
Turnover	3,095,831	-	3,095,831
Cost of sales	(2,295,983)	(18,195)	(2,314,178)
	799,848	(18,195)	781,653
Distribution expenses	(15,600)	-	(15,600)
Administrative expenses	(1,642,041)	-	(1,642,041)
Operating profit	(857,793)	(18,195)	(875,988)
Income from shares in group undertakings	250,000	-	250,000
Interest receivable and similar income	782	-	782
Interest payable and similar charges	(46,793)	-	(46,793)
Other finance income	21,033	(23,362)	(2,329)
Taxation	190,523	10,010	200,533
Loss on ordinary activities after taxation and for the financial period	<u>(442,248)</u>	<u>(31,547)</u>	<u>(473,795)</u>

Explanation of changes to previously reported profit and equity

1 Holiday pay accrual

Under previous UK GAAP, the company did not accrue for any holiday pay earned where holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is the recognition of a holiday pay accrual on the BS of £18k and £3k, and in the P&L - Cost of Sales £15,111 and £3k as at 31 January 2015 and 1 February 2014 respectively.

2 Long service awards

Under UK GAAP there is no specific requirement to recognise long service awards, however, FRS102 specifically identifies these employee benefits under section 28 29 (a) and their required recognition is detailed under section 28 30. The impact is the recognition of a long service award provision of £13,828 and £10,724 at 31 January 2015 and 1 February 2014 respectively, and reflects the present value of the benefit obligation at the reporting date.

3 Defined benefit pension scheme

UK GAAP previously allowed multi-employer exemption in companies to not reflect the defined benefit plan surplus or deficit in individual company accounts. Under FRS 102 this exemption has been removed. As a result the net surplus at 1 February 2014 (£16.1k) has now been recognised, and the impact carried forward into successive periods.

