

**GENAVCO INSURANCE  
LIMITED**

**FINANCIAL STATEMENTS**

**For the period ended  
30 JANUARY 2010  
Company No. 00879931**

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**GENAVCO INSURANCE LIMITED**  
**FINANCIAL STATEMENTS**  
For the period ended 30 JANUARY 2010

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| <b>INDEX</b>                                   | <b>PAGE</b> |
|--|-------------|
| Report of the directors                        | 1 – 2       |
| Report of the independent auditor              | 3 – 4       |
| Principal accounting policies                  | 5 – 6       |
| Profit and loss account                        | 7           |
| Balance sheet                                  | 8           |
| Statement of total recognised gains and losses | 9           |
| Notes to the financial statements              | 10 – 22     |

The directors present their report together with the audited financial statements for the 52 week period ended 30 January 2010

**Principal activity**

The company's principal activity continues to be that of insurance broking

**Business review**

There was a profit for the period after taxation amounting to £176,950 (2009 £277,995) The directors did not recommend the payment of a dividend during the period (2009 £500,000)

**Directors**

The present membership of the Board is set out below All served on the Board throughout the period

Mr P K Winstone (Chairman)

Mr D Meur

Mr M J McClymont

**Financial risk management objectives and policies**

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The existence of these financial instruments exposes the company to a number of financial risks, especially credit risk which is explained in more detail below

**Credit risk**

The company's principal credit risk relates to the recovery of trade debtors This is managed by requiring clients to pay within agreed credit terms Non payment within these terms puts clients' insurance cover at risk

**Statement of directors' responsibilities**

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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

**Statement of directors' responsibilities (continued)**

The directors are responsible for keeping adequate 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 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 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 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.

**Auditors**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD



M J McClymont  
Secretary  
19 October 2010

87 - 135 Brompton Road  
Knightsbridge  
London, SW1X 7XL

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GENAVCO INSURANCE LIMITED**

We have audited the financial statements of Genavco Insurance Limited for the period ended 30 January 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. 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 pages 1 and 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 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP)

### **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 30 January 2010 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  
GENAVCO INSURANCE 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



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

24 October 2010

### **Basis of Preparation**

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

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

### **Turnover**

Turnover represents the amount of broking commission earned by the company net of commission rebates, introductory commission and foreign exchange differences. Commission is recognised when a debit note is issued to the insured with appropriate adjustments made where performance of services relating to insurance policies are not yet complete

### **Intangible assets and amortisation**

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over 3 years. Provision is made for any impairment where applicable

### **Tangible fixed assets and 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

Fixtures and fittings                      between 4 and 5 years

### **Operating leases**

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease

### **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**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

**Retirement benefits 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**

The company is a member 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 and the Harrods Holdings Group, in accordance with calculations made periodically by consulting actuaries.

The company has adopted the provisions of Financial Reporting Standard ("FRS") 17 'Retirement Benefits'. 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 is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial return on the pension fund, all reflected in the period to which they relate. The current service cost and costs from settlement 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 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 15 to the accounts.



**GENAVCO INSURANCE LIMITED**  
**PROFIT AND LOSS ACCOUNT**

For the period ended 30 JANUARY 2010

|  | Note | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|--|------|---|---|
| Turnover   | 1    | 1,662,843                                       | 1,688,888                                       |
| Administrative expenses                              |      | <u>(1,398,437)</u>                              | <u>(1,395,192)</u>                              |
| <b>Operating profit</b>                              |      | <b>264,406</b>                                  | <b>293,696</b>                                  |
| Interest receivable                                  | 2    | 8,962   | 65,654  |
| Other finance (expense)/income (FRS 17)              |      | <u>(20,527)</u>                                 | <u>22,010</u>                                   |
| <b>Profit on ordinary activities before taxation</b> | 1    | <b>252,841</b>                                  | <b>381,360</b>                                  |
| Tax on profit on ordinary activities                 | 4    | <u>(75,891)</u>                                 | <u>(103,365)</u>                                |
| <b>Profit on ordinary activities after tax</b>       |      | <b><u>176,950</u></b>                           | <b><u>277,995</u></b>                           |

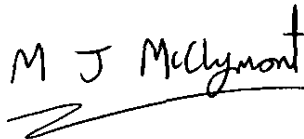
All transactions arise from continuing operations

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

**GENAVCO INSURANCE LIMITED**  
BALANCE SHEET AT 30 JANUARY 2010

|  | Note | At 30<br>January<br>2010<br>£ | At 31<br>January<br>2009<br>£ |
|--|------|-------------------------------|-------------------------------|
| <b>Fixed assets</b>                                  |      |                               |                               |
| Intangible assets                                    | 5    | 44,647                        | -                             |
| Tangible assets                                      | 6    | 59,770                        | 89,290                        |
|  |      | <u>104,417</u>                | <u>89,290</u>                 |
| <b>Current assets</b>                                |      |                               |                               |
| Debtors  | 7    | 2,594,982                     | 2,021,119                     |
| Cash at bank and in hand                             |      | 1,280,326                     | 1,668,852                     |
|  |      | <u>3,875,308</u>              | <u>3,689,971</u>              |
| <b>Creditors amounts falling due within one year</b> | 8    | <u>(2,719,492)</u>            | <u>(2,437,062)</u>            |
| <b>Net current assets</b>                            |      | <u>1,155,816</u>              | <u>1,252,909</u>              |
| <b>Total assets less current liabilities</b>         |      | <u>1,260,233</u>              | <u>1,342,199</u>              |
| <b>Provisions for liabilities and charges</b>        |      |                               |                               |
| Deferred tax   | 9    | 7,012                         | (9,034)                       |
|  |      | <u>1,267,245</u>              | <u>1,333,165</u>              |
| <b>Capital and reserves</b>                          |      |                               |                               |
| Called up share capital                              | 10   | 500,000                       | 500,000                       |
| Profit and loss account                              | 11   | 767,245                       | 833,165                       |
| <b>Shareholder's funds</b>                           | 12   | <u>1,267,245</u>              | <u>1,333,165</u>              |

The financial statements were approved by the Board of Directors on 19 October 2010



**M J McClymont - Finance Director**

Company number - 00879931

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

**GENAVCO INSURANCE LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
For the period ended 30 JANUARY 2010

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|  | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|--|---|---|
| <b>Profit for the financial year</b>                                   | <b>176,950</b>                                  | 277,995   |
| Actuarial (loss) on pension assets (Note 15)                           | <b>(337,319)</b>                                | (252,356)                                       |
| Deferred tax on actuarial loss   | <u>94,449</u>                                   | <u>70,660</u>                                   |
| Total (losses)/gains related to the period                             | <b>(65,920)</b>                                 | 96,299  |
| Prior year adjustment  | <u>-</u>  | <u>-</u>  |
| <b>Total (losses)/gains recognised since last financial statements</b> | <u><b>(65,920)</b></u>                          | <u>96,299</u>                                   |

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

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**1 Turnover and profit on ordinary activities before taxation**

The turnover arises entirely from within the United Kingdom

The profit on ordinary activities before taxation is stated after

|                             | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|-----------------------------|---|---|
| Auditor's remuneration      |   |   |
| Audit services              | 14,572  | 14,784  |
| Operating Leases            | 60,000  | 60,000  |
| Depreciation                |   |   |
| Amortisation of goodwill    | 4,059   | -   |
| Tangible fixed assets owned | <u>31,837</u>                                   | <u>34,515</u>                                   |

**2 Interest receivable**

|                               | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|-------------------------------|---|---|
| Net group interest receivable | 5,558   | 41,853  |
| Bank interest receivable      | <u>3,404</u>                                    | <u>23,801</u>                                   |
|                               | <u>8,962</u>                                    | <u>65,654</u>                                   |

**3 Directors and employees**

Staff costs during the period were as follows

|                            | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|----------------------------|---|---|
| Wages and salaries         | 785,719   | 802,816   |
| Social security costs      | 84,773  | 86,900  |
| Pensions paid by employers | 46,854  | 46,997  |
| Life insurance             | <u>1,913</u>                                    | <u>2,498</u>                                    |
|                            | <u>919,259</u>                                  | <u>939,211</u>                                  |

The average number of employees of the company during the period was 17 (2009 17)

**GENAVCO INSURANCE LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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**3 Directors and employees (continued)**

Remuneration in respect of directors was as follows

|                       | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|-----------------------|---|---|
| Emoluments            | 202,111   | 201,956   |
| Pension contributions | 20,331  | 19,182  |
|                       | <u>222,442</u>                                  | <u>221,138</u>                                  |

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

|                       | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|-----------------------|---|---|
| Emoluments            | 126,068   | 125,681   |
| Pension contributions | 15,013  | 13,736  |
|                       | <u>141,081</u>                                  | <u>139,417</u>                                  |

There are 2 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2009 2) and 2 directors to whom retirement benefits are accruing under a defined contribution scheme (2009 2)

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**4 Tax on profit on ordinary activities**

The tax charge is based on the profit for the period and represents

|   | 52<br>weeks<br>ended 30<br>January<br>2010<br>£ | 52<br>weeks<br>ended 31<br>January<br>2009<br>£ |
|---|---|---|
| United Kingdom corporation tax at 28 % (2009 28 33%) comprises  |   |   |
| Group relief  |   |   |
| - current year  | 1,846   | (16,138)  |
| - adjustment in respect of prior periods  | 10,500  | -   |
| Deferred tax  |   |   |
| - origination and reversal of timing differences  | (2,977)   | (23,311)  |
| - prior year adjustment   | (13,069)  | -   |
| - offset against FRS 17 asset   | 79,591  | 142,814   |
|   | <u>75,891</u>                                   | <u>103,365</u>                                  |
| Factors affecting the tax charge for period   |   |   |
| Profit on ordinary activities before tax  | 252,841   | 381,360   |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28 33%) | 70,795  | 108,032   |
| Effect of   |   |   |
| Expenses not deductible for tax purposes  | 2,065   | 2,683   |
| Capital allowances for the period in excess of depreciation   | 2,977   | 2,053   |
| Income and expenses assessed relieved on a cash basis   | (73,991)  | (128,906)                                       |
|   | <u>1,846</u>                                    | <u>(16,138)</u>                                 |

**GENAVCO INSURANCE LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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**5 Intangible fixed assets**

|                                       | <b>Purchased<br/>goodwill<br/>£</b> |
|---------------------------------------|-------------------------------------|
| Cost                                  |                                     |
| At 1 February 2009                    | -                                   |
| Additions                             | 48,706                              |
| At 30 January 2010                    | <u>48,706</u>                       |
| Amortisation                          |                                     |
| At 1 February 2009                    | -                                   |
| Provided in the year                  | (4,059)                             |
| At 30 January 2010                    | <u>(4,059)</u>                      |
| Net book amount at<br>30 January 2010 | <u><u>44,647</u></u>                |
| Net book amount at<br>31 January 2009 | <u><u>-</u></u>                     |

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**6 Tangible fixed assets**

|                                       | Fixtures,<br>fittings<br>and<br>equipment<br>£ |
|---------------------------------------|--|
| Cost                                  |  |
| At 1 February 2009                    | 189,965  |
| Additions                             | 2,317  |
| At 30 January 2010                    | <u>192,282</u>                                 |
| Depreciation                          |  |
| At 1 February 2009                    | (100,675)                                      |
| Provided in the year                  | (31,837)                                       |
| At 30 January 2010                    | <u>(132,512)</u>                               |
| Net book amount at<br>30 January 2010 | <u>59,770</u>                                  |
| Net book amount at<br>31 January 2009 | <u>89,290</u>                                  |

**7 Debtors**

|  | At 30<br>January<br>2010<br>£ | At 31<br>January<br>2009<br>£ |
|--|-------------------------------|-------------------------------|
| Trade debtors                                  | 2,212,042                     | 1,731,780                     |
| Prepayments and accrued income                 | 229,326                       | 99,820                        |
| Corporation tax                                | 18,438                        | 16,138                        |
| Defined benefit pension scheme asset (note 15) | 135,176                       | 173,381                       |
|  | <u>2,594,982</u>              | <u>2,021,119</u>              |



**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**8 Creditors: amounts falling due within one year**

|                                    | At 30<br>January<br>2010<br>£ | At 31<br>January<br>2009<br>£ |
|------------------------------------|-------------------------------|-------------------------------|
| Trade creditors                    | 2,129,880                     | 1,999,335                     |
| Amounts owed to group undertakings | 483,870                       | 359,793                       |
| Corporation tax                    | 30,784                        | -                             |
| Accruals and deferred income       | 53,761                        | 56,737                        |
| Other creditors                    | 21,197                        | 21,197                        |
|                                    | <u>2,719,492</u>              | <u>2,437,062</u>              |

**9 Deferred taxation**

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 30 January 2010 or 31 January 2009.

|                                     | Amount provided<br>£ |
|-------------------------------------|----------------------|
| Balance at 1 February 2009          | (9,034)              |
| Transfer to profit and loss account | 2,977                |
| Prior year adjustment               | 13,069               |
| Balance at 30 January 2010          | <u>7,012</u>         |

**10 Called up share capital**

|  | At 30<br>January<br>2010<br>£ | At 31<br>January<br>2009<br>£ |
|--|-------------------------------|-------------------------------|
| Authorised<br>500,000 ordinary shares of £1 each                         | <u>500,000</u>                | <u>500,000</u>                |
| Allotted, called up and fully paid<br>500,000 ordinary shares of £1 each | <u>500,000</u>                | <u>500,000</u>                |

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

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**11 Reserves**

|                                    | Profit<br>and loss<br>account<br>£ |
|------------------------------------|------------------------------------|
| At 1 February 2009                 | 833,165                            |
| Profit for the financial period    | 176,950                            |
| Actuarial loss net of deferred tax | <u>(242,870)</u>                   |
| At 30 January 2010                 | <u><u>767,245</u></u>              |

**12 Reconciliation of movements in shareholder's funds**

|   | 2010<br>£               | 2009<br>£               |
|---|-------------------------|-------------------------|
| Profit for the financial period                 | 176,950                 | 277,995                 |
| Dividends                                       | -                       | (500,000)               |
| Net addition/(reduction) to shareholder's funds | <u>176,950</u>          | <u>(222,005)</u>        |
| Actuarial loss - net of deferred tax            | (242,870)               | (181,696)               |
| Shareholder's funds at 1 February 2009          | <u>1,333,165</u>        | 1,736,866               |
| Shareholder's funds at 30 January 2010          | <u><u>1,267,245</u></u> | <u><u>1,333,165</u></u> |

**13 Capital commitments**

The company had no capital commitments at 30 January 2010 or 31 January 2009

**14 Contingent assets/liabilities**

The Harrods Holdings Group's cash netting facility is guaranteed by Genavco Insurance Limited and other group companies. The guarantee extends to Genavco Insurance Limited's non-client bank account only.

There were no other contingent liabilities at 30 January 2010 or 31 January 2009

For the period ended 30 JANUARY 2010

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## **15 Retirement benefit obligations**

### **Pensions schemes operated**

During the period the Harrods Holdings group principally operated two schemes in which the company participated

- (i) the Harrods Retirement Savings Plan ("the Stakeholder Scheme"), which is an approved defined contribution scheme, 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 £46,854 (2009 £46,997) No pension accrual (2009 £nil) is included in the balance sheet in relation to this scheme

### **Defined Benefit Pension Scheme ("the Plan")**

An actuarial valuation of the Plan as at 5 April 2009 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £103 million at that date

At that time the amended contributions, in order for the Plan to be fully funded by 31 January 2014, were agreed as follows

- contributions totalling £14m per annum with effect from 31 January 2010
- contributions totalling an estimated £0.7m per annum to fund administrative expenses of the Plan, with effect from 31 January 2010
- contributions 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 Pension Act 2004
- Recognising the risks inherent in the performance of the financial markets during the five year 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 2010, the participating employers made total contributions to the plan of £31.4m (2009 £11.4m), including all payments under an agreement entered into with the scheme Trustees in 2009 to make an additional lump sum payment into the fund

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 Genavco Insurance Limited are summarized in the tables below

**GENAVCO INSURANCE LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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**Retirement benefit obligations (continued)**

**Financial Reporting Standard 17 Disclosures**

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 major assumptions used by the actuary were

|  | % per annum        |                    |
|--|--------------------|--------------------|
|  | 30 January<br>2010 | 31 January<br>2009 |
| Discount rate                              | 5.6%               | 6.7%               |
| Inflation assumption                       | 3.6%               | 3.5%               |
| Rate of increase in salaries               | n/a                | n/a                |
| Rate of pension increases (LPI 5%)         | 3.4%               | 3.4%               |
| Rate of pension increases (LPI 2.5%)       | 2.3%               | 2.3%               |
| Longevity at age 60 for current pensioners |                    |                    |
| - Men                                      | 26.9               | 26.8               |
| - Women                                    | 29.8               | 29.8               |
| Longevity at age 60 for future pensioners  |                    |                    |
| - Men                                      | 28.0               | 28.0               |
| - Women                                    | 30.8               | 30.8               |

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**Retirement benefit obligations (continued)**

The company's share of 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 30 January 2010 |   | As at 31 January 2009 |   |
|--|-----------------------|---|-----------------------|---|
|  | £'000                 | Expected long-term rate of return % per annum | £'000                 | Expected long-term rate of return % per annum |
| Equities                                   | 1,138                 | 7.6%  | 857                   | 7.7%  |
| Equity option                              | -                     | n/a   | -                     | n/a   |
| Corporate bonds                            | 587                   | 5.4%  | 309                   | 6.9%  |
| Government bonds                           | 504                   | 4.1%  | 511                   | 4.2%  |
| Total return investments                   | 543                   | 7.6%  | 447                   | 7.7%  |
| Other                                      | 8                     | 4.0%  | 25                    | 0%  |
| Cash earmarked for investment              | 360                   | 4.0%  | 360                   | 3.7%  |
| Cash                                       | 593                   | 4.0%  | 541                   | 3.7%  |
| <b>Total assets held by the Plan</b>       | <b>3,733</b>          |   | <b>3,050</b>          |   |
| Present value of plan liabilities          | 3,545                 |   | 2,809                 |   |
| <b>Surplus in the plan</b>                 | <b>188</b>            |   | <b>241</b>            |   |
| Irrecoverable surplus                      | -                     |   | -                     |   |
| <b>Surplus recognised in balance sheet</b> | <b>188</b>            |   | <b>241</b>            |   |
| Related deferred tax (liability)           | (53)                  |   | (68)                  |   |
| <b>Net pension asset under FRS 17</b>      | <b>135</b>            |   | <b>173</b>            |   |

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**Retirement benefit obligations (continued)**

|   | At 30<br>January<br>2010<br>£'000 | At 31<br>January<br>2009<br>£'000 |
|---|-----------------------------------|-----------------------------------|
| <b>Profit and Loss disclosures</b>  |                                   |                                   |
| <b>Analysis of amounts charged to operating profit</b>                                  |                                   |                                   |
| Current service cost  | -                                 | -                                 |
| Curtailment and settlements   | -                                 | -                                 |
| Total operating (credit)/charge   | <u>-</u>                          | <u>-</u>                          |
| <b>Analysis of amounts included as other finance costs</b>                              |                                   |                                   |
| Expected return on pension plan assets  | 164                               | 205                               |
| Interest cost on pension plan liabilities   | <u>(185)</u>                      | <u>(183)</u>                      |
| Net financial (expense) / income  | <u>(21)</u>                       | <u>22</u>                         |
| <b>Analysis of amounts recognised in statement of total recognised gains and losses</b> |                                   |                                   |
| Actual return less expected return on assets  | 311                               | (627)                             |
| Experience losses on liabilities  | -                                 | -                                 |
| Impact of changes in assumptions relating to the present value of plan liabilities      | (648)                             | 265                               |
| Decrease in irrecoverable surplus   | -                                 | 110                               |
| Actuarial (loss) recognised in statement of total recognised gains and losses           | <u>(337)</u>                      | <u>(252)</u>                      |
| <b>Changes in the benefit obligation during the period were as follows</b>              |                                   |                                   |
| Benefit obligations at beginning of year  | 2,809                             | 3,009                             |
| Interest cost   | 185                               | 183                               |
| Actuarial losses / (gains)  | 648                               | (265)                             |
| Benefits paid   | (97)                              | (118)                             |
| Effect of change in assumptions underlying present value of scheme liabilities          | -                                 | -                                 |
| Benefit obligation at end of year   | <u>3,545</u>                      | <u>2,809</u>                      |
| <b>Changes in the plan assets during the period were as follows:</b>                    |                                   |                                   |
| Fair value of plan assets at beginning of year  | 3,050                             | 3,479                             |
| Expected return on plan assets  | 164                               | 205                               |
| Actuarial gains/(losses)  | 311                               | (627)                             |
| Monies paid from escrow account to plan   | -                                 | (377)                             |
| Monies paid to escrow account by employer   | -                                 | -                                 |
| Employers contribution  | 305                               | 488                               |
| Benefits paid   | (97)                              | (118)                             |
| Effect of change in assumptions underlying present value of scheme assets               | -                                 | -                                 |
| Fair value of plan assets at end of year  | <u>3,733</u>                      | <u>3,050</u>                      |
| <b>The actual return on plan assets follows</b>   |                                   |                                   |
| Actual return on plan assets  | <u>475</u>                        | <u>(422)</u>                      |

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

**Retirement benefit obligations (continued)**

**History of experience gains and losses**

The following disclosures will be built up over time as a five year history

|   | 30 January 2010 |        | 31 January 2009 |         | 2 February 2008 |        | 3 February 2007 |        | 28 January 2006 |        |
|---|-----------------|--------|-----------------|---------|-----------------|--------|-----------------|--------|-----------------|--------|
|   | £'000           | %      | £'000           | %       | £'000           | %      | £'000           | %      | £'000           | %      |
| Benefit obligation at end of year   | 3,545           |        | 2,809           |         | 3,009           |        | 2,977           |        | 3,374           |        |
| Fair value of plan assets at end of year  | <u>3,733</u>    |        | <u>3,050</u>    |         | <u>3,479</u>    |        | <u>2,785</u>    |        | <u>2,159</u>    |        |
| Surplus/ (deficit) in the plan  | 188             |        | 241             |         | 470             |        | (192)           |        | (1,215)         |        |
| Difference between actual and expected return on assets                                 | 311             | 8.3%   | (627)           | (20.5%) | (13)            | (0.4%) | 26              | 0.9%   | 309             | 14.3%  |
| Experience (losses)/gains on liabilities  | nil             | nil    | nil             | nil     | (51)            | (1.7%) | (104)           | (3.5%) | (27)            | (0.8%) |
| Amount recognised in statement of total recognised gains and losses against liabilities | (337)           | (9.5%) | (252)           | (9.0%)  | 44              | 1.8%   | 292             | 9.8%   | (306)           | (9.1%) |

Cumulative amount of (losses)/gains immediately recognized in STRGL, since introduction of FRS17 is a loss of £549,000 (2009 loss of £212,000)

**16 Operating lease commitments**

|   | At 30<br>January<br>2010<br>£ | At 31<br>January<br>2009<br>£ |
|---|-------------------------------|-------------------------------|
| Annual commitments under operating leases for occupied premises expire as follows |                               |                               |
| Within one year   | -                             | -                             |
| In the second to fifth year   | <u>60,000</u>                 | <u>60,000</u>                 |
|   | <u>60,000</u>                 | <u>60,000</u>                 |

**GENAVCO INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 JANUARY 2010

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**17 Transactions with related parties**

The company is a wholly owned subsidiary of Harrods Holdings Limited and, as permitted by Financial Reporting Standard 8 "Related party disclosures" transactions with other entities in the Harrods Holdings Group are not disclosed

Insurance broking transactions have also been undertaken with parties related to the beneficial owners of the ultimate parent undertaking. These transactions generated turnover of £94,352 in the 52 weeks ended 30 January 2010 (2009 £86,225). Trade debtors include £367,959 (2009 £109,392) of insurance premiums due from the above related parties.

There are no other related party transactions.

**18 Ultimate parent undertaking**

The company's immediate parent undertaking is Genavco Holdings Limited. The ultimate parent undertaking of Genavco Holdings Limited is Qatar Holding UK Limited (formerly AIT UK Holdings Limited) which is the largest group which consolidates the results of the company. The Qatar Holding UK Group (formerly AIT UK Holdings Group) financial statements 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.