



HARRODS ESTATES LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

28 JANUARY 2006

Company no 0835993

HARRODS ESTATES LIMITED

FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

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HARRODS ESTATES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the period ended 28 January 2006.

Principal activity

The principal activities of the company are that of estate agents and property managers.

Business review

The directors consider the trading performance of the company to be satisfactory.

There was a loss for the period after taxation amounting to £23,362 (profit 2005: £7,487 as restated). The directors do not recommend the payment of a dividend (2005: £nil).

Directors

The present membership of the Board is set out below.

M A E Collins

J Byrne

A Tanna

J M P Cook (appointed 1 June 2005)

Raine, Countess Spencer (appointed 2 March 2006)

No director in office at 28 January 2006 held any beneficial interest in the shares of Harrods Holdings Limited or any of its subsidiaries at 30 January 2005, at time of appointment or at 28 January 2006.

No director has had a material interest, directly or indirectly, at any time during the period in any contract significant to the business.

Disabled persons

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 to employees by means of normal management communication channels using written materials, face to face meetings and video presentations. The Store magazine "The Harrodian Gazette" has been issued during the period and has been available to all employees.

Consultation with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. The Harrods Group Pension Plan has two member trustees amongst its trustee board. It also has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan. Written information about the Plan is regularly circulated to both current and potential members.

A general awareness of the company's performance is maintained through regular half-hour training sessions for all staff and, through individual performance appraisals, employees are made aware of their individual contribution to the company.

HARRODS ESTATES LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities

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

Company law required the directors to prepare financial statements for each financial year which 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

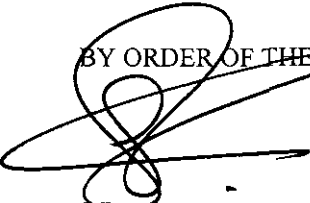
Interest rate risk

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

Auditors

Grant Thornton UK LLP, having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD


S Dean
Secretary
21 July 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

HARRODS ESTATES LIMITED

We have audited the financial statements of Harrods Estates Limited for the period ended 28 January 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

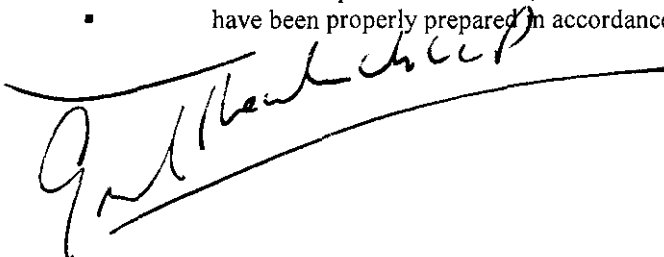
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARRODS ESTATES LIMITED**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28th January 2006 and of its loss for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP', is written over a horizontal line. The signature is cursive and somewhat stylized.

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
21 July 2006**

HARRODS ESTATES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the period ended 28 JANUARY 2006

BASIS OF PREPARATION

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

The principal accounting policies of the company are set out below. The company has fully adopted FRS17 in the accounts, with the result that certain figures relating to the prior year have been restated.

The accounts have been prepared on a going concern basis as the company's immediate parent and principal creditor, Harrods Limited, has confirmed its willingness to support the company for a period of at least 12 months from the date of signature of the accounts.

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.

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, fittings and equipment	3 to 7 years
Shop-fits	10 years

LEASED ASSETS

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

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.

RETIREMENT BENEFITS SCHEMES

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.

HARRODS ESTATES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the period ended 28 JANUARY 2006

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined Benefit Scheme

The company's employees are members of the Harrods Holdings Group Pension Plan under which retirement benefits are funded by contributions from the company and employees. 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 FRS 17 'Retirement Benefits', which replaces SSAP24 'Accounting for Pension Costs'. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial returns on the pension fund, all reflected in the period to which they relate. Actuarial gains and losses are recorded through the statement of recognized gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS 17 in Note 16 to the accounts.

HARRODS ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

For the period ended 28 JANUARY 2006

	Note	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 restated £
Turnover	1	2,792,374	2,328,126
Cost of sales		<u>(1,796,105)</u>	<u>(1,495,928)</u>
Gross profit		996,269	832,198
Administrative expenses		<u>(966,315)</u>	<u>(747,524)</u>
Operating profit		29,954	84,674
Net interest	2	(53,338)	(67,119)
Other finance expenses (FRS 17)		<u>(6,111)</u>	<u>(5,280)</u>
(Loss)/profit on ordinary activities before taxation		(29,495)	12,275
Tax on profit on ordinary activities	4	6,133	(4,788)
(Loss)/profit retained and transferred (from)/to reserves	11	<u>(23,362)</u>	<u>7,487</u>

All transactions arise from continuing operations.

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

HARRODS ESTATES LIMITED**BALANCE SHEET AT 28 JANUARY 2006**

	Note	At 28 January 2006 £	At 29 January 2005 restated £
Fixed assets			
Tangible assets	5	224,491	135,791
Current assets			
Debtors	6	1,081,838	958,624
Cash at bank and in hand		106,620	14,207
		<u>1,188,458</u>	<u>972,831</u>
Creditors: amounts falling due within one year	7	<u>(404,006)</u>	<u>(389,804)</u>
Net current assets		<u>784,452</u>	<u>583,027</u>
Total assets less current liabilities		<u>1,008,943</u>	<u>718,818</u>
Creditors: amounts falling due after more than one year	8	(1,071,927)	(759,790)
Provisions for liabilities and charges			
Deferred taxation	9	(9,478)	(10,352)
Retirement benefit obligations	16	<u>(278,523)</u>	<u>(206,169)</u>
		<u>(350,985)</u>	<u>(257,493)</u>
Capital and reserves			
Called up share capital	10	338,913	338,913
Profit and loss account	11	<u>(689,898)</u>	<u>(596,406)</u>
Equity shareholders' deficit	12	<u>(350,985)</u>	<u>(257,493)</u>

The financial statements were approved by the Board of Directors on 21 July 2006.



A Tanna - Director

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

HARRODS ESTATES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the period ended 28 JANUARY 2006

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
(Loss)/profit for the financial period	(23,362)	7,487
Actuarial loss on pension scheme (net of tax)	(70,130)	(19,721)
Total recognised gains and loss for the period	(93,492)	(12,234)
Prior year adjustment (adoption of FRS 17)	(176,714)	
Total recognised gains and losses since last report	(270,206)	

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

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
Turnover excluding VAT arises from operations in the United Kingdom	<u>2,792,374</u>	<u>2,328,126</u>

The profit on ordinary activities before taxation is stated after:

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
Auditors' remuneration:		
Audit services	12,550	9,000
Non-Audit services	-	6,600
Depreciation:		
Tangible fixed assets owned	44,755	27,142
Operating lease rentals	<u>213,763</u>	<u>185,258</u>

2 NET INTEREST

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 £
Interest receivable from group undertakings	8,541	8,848
Interest payable to group undertakings	(61,879)	(75,786)
Interest payable to third parties	-	(181)
	<u>(53,338)</u>	<u>(67,119)</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	52 weeks ended 28 January 2006	52 weeks ended 29 January 2005 restated
	£	£
Wages and salaries	1,501,837	1,305,977
Social security costs	177,410	111,117
Other pension costs	116,858	78,834
	<u>1,796,105</u>	<u>1,495,928</u>

The average number of employees of the company during the period was: 21 (2005: 19).

There are 4 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2005: 4).

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

	52 weeks ended 28 January 2006	52 weeks ended 29 January 2005
	£	£
Emoluments	<u>234,274</u>	<u>250,365</u>

The highest paid director's accrued pension at the period end was £16,650 (2005: £14,579).

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	52 weeks ended 28 January 2006 £	52 weeks ended 29 January 2005 restated £
Group relief	4,306	(8,356)
Deferred tax	874	(91)
FRS 17 - Deferred Tax – offset against FRS 17 liability	953	3,659
	<u>6,133</u>	<u>(4,788)</u>
(Loss) / Profit on ordinary activities before tax	(29,495)	12,275
Loss / (Profit) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005: 30%)	8,849	(3,683)
Effect of:		
Expenses not deductible for tax purposes	(3,715)	(1,131)
Capital allowances for the period in excess of depreciation	125	117
Income and expenses assessed/relieved on a cash basis	(953)	(3,659)
Current tax credit/(charge) for period	<u>4,306</u>	<u>(8,356)</u>

5 TANGIBLE FIXED ASSETS

	Total £
Cost	
At 30 January 2005	305,565
Additions	136,408
Disposals	(81,673)
Cost at 28 January 2006	<u>360,300</u>
Depreciation	
At 30 January 2005	169,774
Provided in the period	44,755
Disposals	(78,720)
At 28 January 2006	<u>135,809</u>
Net book amount at 28 January 2006	<u>224,491</u>
Net book amount at 29 January 2005	<u>135,791</u>

HARRODS ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 28 JANUARY 2006

6 DEBTORS

	At 28 January 2006 £	At 29 January 2005 restated £
Amounts due within one year:		
Trade debtors	761,580	466,279
Prepayments and accrued income	268,155	362,877
Group relief	4,306	-
Other debtors	47,797	129,468
	<u>1,081,838</u>	<u>958,624</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 28 January 2006 £	At 29 January 2005 restated £
Trade creditors	474	-
Social security and other taxes	27,976	37,755
Other creditors	3,294	9,159
Accruals and deferred income	372,262	334,534
Group relief	-	8,356
	<u>404,006</u>	<u>389,804</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 28 January 2006 £	At 29 January 2005 £
Amounts due after more than one year:		
Amounts owed to group undertakings	<u>1,071,927</u>	<u>759,790</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

9 DEFERRED TAXATION

Deferred taxation assets in the financial statements are set out below. There were no unprovided amounts of deferred taxation at 28 January 2006 or 29 January 2005.

	Amount provided	
	2006	2005
	£	restated £
At 30 January 2005	10,352	10,261
(Credited)/charged in the period	(874)	91
At 28 January 2006	<u>9,478</u>	<u>10,352</u>

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

Depreciation in advance of capital allowances	10,378	9,505
Other timing differences	(900)	847
	<u>9,478</u>	<u>10,352</u>

10 CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised 350,000 ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>
Issued and fully paid 338,913 ordinary shares of £1 each	<u>338,913</u>	<u>338,913</u>

11 RESERVES

	Profit and loss account £
At 30 January 2005 as previously stated	(419,692)
Prior year adjustment	(176,714)
At 30 January 2005, as restated	(596,406)
Loss for the period	(23,362)
FRS17 Actuarial loss on Pension Fund	(70,130)
At 28 January 2006	<u>(689,898)</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2006	2005
	£	as restated £
Shareholders' deficit at 30 January 2005 as previously stated	(80,779)	(245,259)
Prior year adjustment	(176,714)	-
Shareholders' deficit at 30 January 2005 as restated	(257,493)	(245,259)
(Loss)/profit for the financial period	(23,362)	7,487
FRS17 Actuarial loss on Pension Fund	(70,130)	(19,721)
Shareholders' deficit at 28 January 2006	<u>(350,985)</u>	<u>(257,493)</u>

13 LEASING COMMITMENTS

Operating lease payments amounting to £240,000 (2005: £180,000) are due within one year. The leases to which these amounts relate expire as follows:

	2006	2005
	£	£
Land and Buildings:		
Leases expiring over five years:	<u>240,000</u>	<u>180,000</u>

14 CAPITAL COMMITMENTS

The company had no capital commitments at 28 January 2006 or 29 January 2005.

15 CONTINGENT ASSETS/LIABILITIES

The Harrods Holdings Group's loan facility is guaranteed by Harrods Estates Limited and other Group companies.

There were no other contingent assets or liabilities at 28 January 2006 or 29 January 2005.

16 RETIREMENT BENEFIT SCHEMES

Pensions schemes operated

During the year the Harrods Group has principally operated two schemes:

- (i) the Harrods Holdings Stakeholder Scheme (the Scheme), which is an approved defined contribution scheme; it was established with Scottish Equitable plc on 1 May 2002.
- (ii) the Harrods Holdings Group Pension Plan (the Plan), which is an approved defined benefit scheme.

Stakeholder Scheme ("the Scheme")

The pension cost under the defined contribution scheme amounted to £nil (2005: £nil). A pension accrual of £nil (2005: £nil) is included in the balance sheet in relation to this scheme.

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

Defined Benefit Pension Scheme (“the Plan”)

The employer has closed the Plan to future accrual with the following changes taking place as of 5 April 2006:

- (i) the Plan will close to all existing members and all new employees with the effect that members will not accrue future pension benefits under the Plan
- (ii) the existing accrued pension benefit of members will be protected and preserved at its existing level as at 5 April 2006 and will be revalued until retirement as if the members had left the Group
- (iii) a new defined contribution pension scheme, the Harrods Retirement Savings Plan, has been introduced with effect from 5 April 2006.

The Harrods Group has agreed with the Trustee of the Plan that it will be fully funded on an ongoing basis in ten years time. The deficit at 5 April 2005 was estimated at £95.0 million.

Accordingly, the Group has agreed to pay into the Plan additional contributions of £9.0 million per annum for the next ten years, with effect from 6 April 2006, and any further contributions as necessary thereafter. All participating employers will contribute toward this payment and it is expected that Harrods Estates Limited will contribute approximately £25,000 per annum toward this payment.

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

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

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Financial Reporting Standard 17 Disclosures

For the year ended 28 January 2006, the company has accounted for its defined benefit pension liability in accordance with FRS 17. The company has previously accounted for the liability under SSAP 24.

The triennial actuarial valuation of the Harrods Holdings Group Pension Plan was undertaken as at 6 April 2005 by qualified independent actuaries, Hymans Robertson.

Using the results of the actuarial valuation, an approximate actuarial assessment of the Plan for FRS 17 purposes has been carried out as at 28 January 2006 using the projected unit method of valuation. The major assumptions used by the actuary were:

	% per annum		
	28 January 2006	29 January 2005	31 January 2004
Discount rate	4.7%	5.3%	5.5%
Inflation assumption	3.0%	2.9%	2.8%
Rate of increase in salaries	4.5%	4.4%	4.3%
Rate of pension increases (LPI 5%)	2.9%	2.8%	2.7%
Rate of pension increases (LPI 2.5%)	2.5%	n/a	n/a
Longevity at age 60 for pensioner member currently aged 60			
- Men	24.5	21.2	21.2
- Women	27.5	24.2	24.2
Longevity at age 60 for pensioner member currently aged 40			
- Men	25.8	22.6	22.6
- Women	28.8	25.6	25.6

The sensitivities regarding these assumptions are as follows:

Assumption	Change in Assumption	Effect on value of liabilities
Discount rate	Increase/decrease by 0.5% p.a.	Decrease/increase by 10.0%
Inflation assumption	Increase/decrease by 0.5% p.a.	Increase/decrease by 10.0%
Rate of increase in salaries	Increase/decrease by 0.5% p.a.	Increase/decrease by 1.5%
Longevity	Increase by 1 year	Increase by 3%

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

At 28 January 2006 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 Harrods Holdings Group's actuary were as follows:

	As at 28 January 2006		As at 29 January 2005		As at 31 January 2004	
	£000	Expected long-term rate of return % per annum	£000	Expected long-term rate of return % per annum	£000	Expected long-term rate of return % per annum
Equities	544	7.0%	426	7.6%	382	7.9%
Corporate bonds	93	4.7%	90	5.3%	84	5.5%
Government bonds	52	4.0%	43	4.6%	40	4.9%
Other	19	4.0%	8	4.6%	7	4.9%
Total market value of assets	<u>708</u>		<u>567</u>		<u>513</u>	
Present value of plan liabilities	<u>(1,105)</u>		<u>(862)</u>		<u>(766)</u>	
Deficit in the Plan	<u>(397)</u>		<u>(295)</u>		<u>(253)</u>	
Related deferred tax asset	119		88		76	
Net pension liability under FRS 17	<u>(278)</u>		<u>(207)</u>		<u>(177)</u>	

Profit and Loss Disclosures

	28 January 2006	29 January 2005
	£000	£000
Analysis of amounts charged to operating profit		
Current service cost	23	26
Curtailement and settlements	<u>(3)</u>	<u>-</u>
Total operating charge	<u>20</u>	<u>26</u>
Analysis of amounts included as other finance costs		
Expected return on pension plan assets	(39)	(37)
Interest cost on pension plan liabilities	<u>46</u>	<u>42</u>
Net financial cost	<u>7</u>	<u>5</u>
Analysis of amounts recognised in statement of total recognised gains and losses		
Actual return less expected return on assets	102	18
Experience loss on liabilities	(9)	-
Impact of changes in assumptions relating to the present value of plan liabilities	<u>(193)</u>	<u>(46)</u>
Actuarial (loss) recognised in STRGL	<u>(100)</u>	<u>(28)</u>
Movement in the deficit during the period		
Deficit in the plan at 30 January 2005	(295)	(253)
Current service cost	(23)	(26)
Contributions	25	17
Impact of curtailments and settlements	3	-
Net financial cost	(7)	(5)
Actuarial loss	<u>(100)</u>	<u>(28)</u>
Deficit in the plan at 28 January 2006	<u>(397)</u>	<u>(295)</u>

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

History of experience gains and losses

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

	28 January 2006		29 January 2005		31 January 2004		1 February 2003	
	£000	%	£000	%	£000	%	£000	%
Difference between actual and expected return on assets	102	14.3%	18	3.2%	70	13.6%	(166)	(39.6%)
Experience (losses)/gains on liabilities	(9)	(0.8%)	-	-	(17)	(2.2%)	22	3.2%
Amount recognised in statement of total recognised gains and losses against liabilities	(100)	(9.1%)	(28)	(3.3%)	23	2.9%	(194)	(28.7%)

17 TRANSACTIONS WITH DIRECTORS /AND OTHER RELATED PARTIES

The company has entered into agreements, in the ordinary course of business, with the following companies which are under the control of the Group's ultimate controlling party: Hyde Park Residence Limited, Turnbull & Asser Limited, Fulham Football Club (1987) Limited, Balnagown Castle Properties Limited, Samodal Properties Limited and Prestige Properties S.A.

Except as noted below, the value of these transactions is not considered to be material.

Fees in respect of marketing and advisory services received from Prestige Properties S.A. during the period amounted to £437,070 (2005: £552,496). The trade debtor outstanding at 28 January 2006 from Prestige Properties S.A. was £44,430 (2005 debtor: £167,750).

Fees in respect of marketing and advisory services received from Hyde Park Residence Limited during the period amounted to £31,663 (2005: fees paid £10,541). The trade debtor outstanding at 28 January 2006 due from Hyde Park Residence Limited at 28 January 2006 was £4,692 (2005: £nil).

Fees in respect of marketing and advisory services received from Fulham Football Club (1987) Limited during the period amounted to £106,230 (2005: £10,676). There were no trade debtors due from Fulham Football Club (1987) Limited at 28 January 2006 (2005: £nil).

Fees in respect of marketing and advisory services received from Turnbull & Asser Limited during the period amounted to £14,100 (2005: £14,100). There were no trade debtors due from Turnbull & Asser Limited at 28 January 2006 (2005: £nil).

The company is a wholly owned subsidiary of Harrods Holdings Limited and has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

HARRODS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 28 JANUARY 2006

18 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Harrods Limited, a company registered in England and Wales. The ultimate UK parent undertaking of Harrods Limited is Harrods Holdings Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Holdings Limited and the smallest such group of undertakings, including the company, that is headed by Harrods Limited. The group accounts will be filed with the Registrar of the Companies in due course.

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.