

Registration number: 1848143

# Harrods Holdings Limited

Annual Report and Financial Statements

for the period ended 28 January 2017



# Harrods Holdings Limited

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**Harrods Holdings Limited**  
**Directors' Report**  
**for the period ended 28 January 2017**

The Directors present their Annual Report and Financial Statements for the period ended 28 January 2017.

**Principal activity**

The principal activity of the company is that of an investment holding company.

**Results and dividends**

The profit for the period, after taxation, amounted to £109.5m (2016: £99.4m). The company paid a dividend of £110.0m (2016: £97.1m).

**Business review**

In the prior year ending 30 January 2016, Harrods Holdings Limited had entered into a new loan facility with a banking syndicate comprising a term loan of £650 million and a revolving credit facility of £200 million for a period of five years. The loan and facility were secured by way of a floating charge on the assets of the company and its subsidiaries, and a fixed charge on specific assets under the ownership of the company's subsidiaries.

Also in the course of that year, the company extended a loan facility to Harrods Property Limited, a then related party, for £850m, of which £835.6m had been drawn as at 30 January 2016.

During the course of the year ending 28 January 2017, the company repaid £15m of the term loan and £95m of the revolving credit facility. The balances outstanding at the end of the year were £635m for the term loan (2016: £650m) and £40m on the revolving credit facility (2016: £135m).

Also in the course of the year ended 28 January 2017, and as part of a group corporate rationalisation program, the company contributed the Harrods Property Limited loan to Harrods (UK) Limited, its direct subsidiary, in return for share capital. Therefore the loan balance at 28 January 2017 was nil (2016: £835.6m).

**Directors of the Company**

The directors who held office during the period were as follows:

M A Ward

J P Edgar

**Interest rate risk**

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

**Credit risk**

At the start of the year ending 28 January 2017, the company had a significant loan to a group undertaking as detailed in the Business review above. As the loan is no longer held by the company and there are no significant loans outstanding, it is deemed that there is no credit risk faced by the company.

**Liquidity risk**

Dividend and interest income from group undertakings are used to fund interest and loan repayments due under the company's bank loan.

**Going concern**

The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of amounts due to the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

## **Harrods Holdings Limited**

### **Directors' Report for the period ended 28 January 2017 (continued)**

#### **KPIs**

There are no KPIs required to be reported other than operating loss that would give a fuller understanding to the business.

#### **Post Balance Sheet events**

There have been no significant events affecting the Company since the year end.

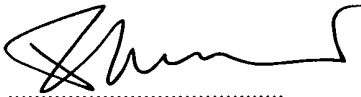
#### **Disclosure of information to the auditors**

Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### **Reappointment of auditors**

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

Approved by the Board on 5 June 2017 and signed on its behalf by:



.....  
D J Webster  
Company secretary

## **Harrods Holdings Limited**

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 they are 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

## **Harrods Holdings Limited**

### **Independent Auditor's Report to the Members of Harrods Holdings Limited**

We have audited the financial statements of Harrods Holdings Limited for the period ended 28 January 2017, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes, set out on pages 6 to 25. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 auditor's 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 Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Harrods Holdings Limited

### Independent Auditor's Report to the Members of Harrods Holdings Limited (continued)

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

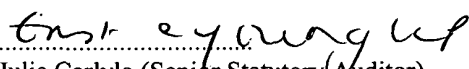
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.

  
.....  
Julie Carlyle (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place  
London  
SE1 2AF

Date: 9 June 2017

**Harrods Holdings Limited**

**Profit and Loss Account**  
**for the period ended 28 January 2017**

	Note	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Administrative expenses		<u>(0.4)</u>	<u>(0.3)</u>
<b>Operating loss</b>	3	<b>(0.4)</b>	<b>(0.3)</b>
Income from shares in group companies	4	110.0	100.1
Other interest receivable and similar income	5	18.5	13.0
Interest payable and similar charges	6	<u>(18.8)</u>	<u>(13.6)</u>
<b>Profit before tax</b>		<b>109.3</b>	<b>99.2</b>
Taxation	8	<u>0.2</u>	<u>0.2</u>
<b>Profit for the financial period</b>		<b><u>109.5</u></b>	<b><u>99.4</u></b>

The above results were derived from continuing operations.



## Harrods Holdings Limited

### Statement of Comprehensive Income for the Period ended 28 January 2017

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Profit for the period	<u>109.5</u>	<u>99.4</u>
Actuarial (losses)/gains on defined benefit pension schemes	(2.2)	0.9
Movement on deferred tax relating to defined benefit pension asset/liability	0.4	(0.2)
Hedging Reserve	<u>(4.7)</u>	<u>(16.7)</u>
<b>Other comprehensive income for the period</b>	<u>(6.5)</u>	<u>(16.0)</u>
<b>Total comprehensive income for the period</b>	<u><u>103.0</u></u>	<u><u>83.4</u></u>

The notes on pages 11 to 25 form an integral part of these financial statements.

## Harrods Holdings Limited

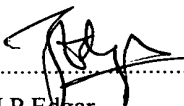
(Registration number: 1848143)

### Balance Sheet

as at 28 January 2017

	Note	28 January 2017 £m	30 January 2016 £m
<b>Fixed assets</b>			
Investments	9	1,815.0	1,089.6
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	8, 10	0.1	835.6
Debtors: amounts falling due within one year	10	9.7	9.8
Cash at bank and in hand		41.7	2.8
		51.5	848.2
Creditors: Amounts falling due within one year	11	(266.7)	(389.4)
<b>Net current (liabilities)/assets</b>		<b>(215.2)</b>	<b>458.8</b>
<b>Total assets less current liabilities</b>		<b>1,599.8</b>	<b>1,548.4</b>
Creditors: Amounts falling due after more than one year	12	(635.3)	(644.8)
<b>Deferred tax liability</b>	8	-	(0.2)
<b>Net assets excluding pension asset/(liability)</b>		<b>964.5</b>	<b>903.4</b>
Pension (liability)/asset	13	(0.7)	1.3
<b>Net assets</b>		<b>963.8</b>	<b>904.7</b>
<b>Capital and reserves</b>			
Called up share capital	14	50.0	50.0
Merger reserve		931.7	865.6
Hedging reserve		(21.4)	(16.7)
Profit and loss account		3.5	5.8
<b>Total equity</b>		<b>963.8</b>	<b>904.7</b>

Approved and authorised by the Board on 5 June 2017 and signed on its behalf by:

  
 .....  
 J P Edgar  
 Director

The notes on pages 11 to 25 form an integral part of these financial statements.

**Harrods Holdings Limited**

**Statement of Changes in Equity  
for the period ended 28 January 2017**

	Share capital £m	Merger reserve £m	Hedging reserve £m	Profit and loss account £m	Total £m
At 1 February 2015	50.0	867.9	-	2.8	920.7
<b>Profit for the period</b>	-	-	-	99.4	99.4
Actuarial gains/(losses) on defined benefit pension schemes (net of deferred tax)	-	-	-	0.7	0.7
Hedging reserve movement in the period	-	-	(16.7)	-	(16.7)
Total comprehensive income	-	-	(16.7)	100.1	83.4
Dividends	-	-	-	(97.1)	(97.1)
Merger reserve - movement in the period	-	(2.3)	-	-	(2.3)
<b>At 30 January 2016</b>	<b>50.0</b>	<b>865.6</b>	<b>(16.7)</b>	<b>5.8</b>	<b>904.7</b>

The notes on pages 11 to 25 form an integral part of these financial statements.

**Harrods Holdings Limited**

**Statement of Changes in Equity  
for the period ended 28 January 2017 (continued)**

	Share capital £m	Merger reserve £m	Hedging reserve £m	Profit and loss account £m	Total £m
At 31 January 2016	50.0	865.6	(16.7)	5.8	904.7
<b>Profit for the period</b>	-	-	-	109.5	109.5
Actuarial gains/(losses) on defined benefit pension schemes (net of deferred tax)	-	-	-	(1.8)	(1.8)
Hedging reserve movement in the period	-	-	(4.7)	-	(4.7)
Total comprehensive income	-	-	(4.7)	107.7	103.0
Dividends	-	-	-	(110.0)	(110.0)
Merger reserve - movement in the period	-	66.1	-	-	66.1
<b>At 28 January 2017</b>	<b>50.0</b>	<b>931.7</b>	<b>(21.4)</b>	<b>3.5</b>	<b>963.8</b>

The notes on pages 11 to 25 form an integral part of these financial statements.

# Harrods Holdings Limited

## Notes to the Financial Statements for the period ended 28 January 2017

### 1 General information

The address of its registered office is:  
87 - 135 Brompton Road  
Knightsbridge  
London  
SW1X 7XL  
England

### 2 Accounting policies

#### Basis of preparation

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.

Application of FRS 102 is required for all accounting periods beginning on or after 1 January 2015 (the effective date).

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. It is the view of the Directors that there were no critical accounting estimates used in the preparation of the Accounts and Financial Statements of the company.

#### Post-retirement benefits

The group's defined benefit pension scheme is assessed annually in accordance with FRS 102. The accounting valuation, which has been assessed using assumptions determined with independent actuarial advice, resulted in a net deficit of £18.1m being recognised as at 28 January 2017. The size of this deficit is sensitive to the market value of the assets held by the scheme, to the discount rate used in assessing liabilities, to the actuarial assumptions (which include price inflation, rates of pension and salary increases, mortality and other demographic assumptions) and to the level of contributions. Further details are included in note 13.

The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of amounts due to the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due. The directors have also considered the obligations under the external financing agreements and deem that the company has adequate funds to meet these obligations as they become due.

Harrods Holdings Limited is a wholly owned subsidiary of Harrods Group (Holding) Limited which produces Group accounts in accordance with the Companies Act 2006. Consequently the company has taken advantage of the exemption permitted by section 400 of the Act from producing Group accounts. These accounts therefore present information about the company and not about its group.

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### 2 Accounting policies (continued)

##### 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.

The company is not required to present a strategic report per the companies act small companies exemption.

This information is included in the consolidated financial statements of Harrods Group (Holding) Limited, the ultimate UK parent undertaking, as at 28 January 2017 and these financial statements may be obtained from the Registrar of Companies.

##### Investments in subsidiaries

Investments in subsidiary undertakings are stated in the balance sheet of the company at the consolidated net asset value of those subsidiary undertakings, as the fair value of each of the subsidiaries is considered to be not materially less than their combined net asset value. Net surpluses are transferred to a non-distributable revaluation reserve, and net deficits are transferred from this reserve where investments have previously been revalued upwards.

##### Hedge accounting

The Company has entered into variable and fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

##### Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

##### Issue costs

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

##### Dividends

Revenue is recognised when the Group's right to receive payment is established.

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### 2 Accounting policies (continued)

##### 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 pension obligation

Historically, certain company employees were 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 surplus or deficit 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.

##### Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and group undertakings, interest rate swaps and investments in non puttable ordinary shares.

##### 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.

#### 3 Operating loss

The operating loss is stated after charging:

Audit fees for the period were £1,945 (2016: £1,945).

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Dividends receivable from group undertakings	<u>110.0</u>	<u>100.1</u>

#### 5 Interest receivable

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Interest receivable from group companies	<u>18.5</u>	<u>13.0</u>

#### 6 Interest payable and similar charges

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Other loan interest payable	17.2	13.4
Other finance costs	1.0	-
Interest payable on loans from group undertakings	<u>0.6</u>	<u>0.2</u>
	<u>18.8</u>	<u>13.6</u>



## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 7 Directors and employees

The company did not employ any persons or incur any staff costs during the period (2016: £nil).

Aggregate remuneration in respect of qualifying services during the period was £2.8m (2016: £2.3m).

The highest paid director received remuneration of £2.0m (2016: 1.6m).

Included in emoluments for the period ended 28 January 2017 are pension contributions of £nil (2016: £30,695).

The value of emoluments incurred directly by the company was £nil (2016: £nil). Emoluments incurred by the group's subsidiary undertakings was £2.8m (2016: £2.3m).

There are 0 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2016: 0) and 0 director to whom retirement benefits are accruing under a defined contribution scheme (2016: 1).

#### 8 Taxation

Tax credited in the income statement

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
<b>Current taxation</b>		
Group relief receivable	(0.2)	(0.3)
<b>Total current tax</b>	(0.2)	(0.3)
<b>Deferred taxation</b>		
Deferred tax arising on pension scheme movements	-	0.1
<b>Total tax on profit on ordinary activities</b>	<u>(0.2)</u>	<u>(0.2)</u>
<b>Tax relating to items recognised in other comprehensive income or equity</b>		
	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Current tax related to items recognised as items of other comprehensive income	<u>(0.4)</u>	<u>0.2</u>

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 8 Taxation (continued)

##### Factors affecting tax charge for the period

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 20% (2016 - 20.16%).

The differences are reconciled below:

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Profit before tax	<u>109.3</u>	<u>99.2</u>
Corporation tax at standard rate	21.9	20.0
Increase (decrease) from effect of different UK tax rates on some earnings	(0.1)	-
Dividends from UK companies	<u>(22.0)</u>	<u>(20.2)</u>
<b>Total tax credit</b>	<u>(0.2)</u>	<u>(0.2)</u>

The standard rate of tax applied to profit on ordinary activities is 20% (2016: 20.16%). The Finance (No 2) Act 2015 introduced a reduction in the corporation tax rate to 19% from 1 April 2017. The Finance Act 2016 further reduces the corporation tax rate to 17% from 1 April 2020 (previously 18%).

As a result, deferred tax balances have been calculated using 17% on the basis that the assets/liabilities are expected to unwind over a number of years.

##### Deferred tax

Deferred tax provided for at 17% (2016: 18%) in the financial statements is set out below:

	28 January 2017 £m	30 January 2016 £m
Defined benefit pension scheme - DT liability	-	(0.2)
Defined benefit pension scheme - DT asset	<u>0.1</u>	<u>-</u>
<b>Total deferred tax asset/(liability)</b>	<u>0.1</u>	<u>(0.2)</u>

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 9 Investments

	28 January 2017 £m	30 January 2016 £m
Investments in subsidiaries	1,815.0	1,089.6
<b>Subsidiaries</b>		<b>£m</b>
<b>Cost</b>		
At 31 January 2016		1,089.6
Revaluation		66.1
Additions		659.3
At 28 January 2017		1,815.0
<b>Carrying amount</b>		
At 28 January 2017		1,815.0
At 31 January 2016		1,089.6
<b>Representing:</b>		<b>£m</b>
Cost of investment		224.1
Share of post acquisition reserves		931.6
Additions in the period		659.3
<b>At 28 January 2017</b>		<b>1,815.0</b>

On 27 January 2017, Harrods (UK) Limited issued to Harrods Holdings Limited, one ordinary share with a nominal value of £1.00, and at a share premium of £659.3m, as part of a loan rationalisation transaction. This resulted in full settlement of an intercompany loan receivable from Harrods Property Limited of £843.4m (2016: £835.6m) and an intercompany loan payable to Harrods (UK) Limited of £184.1m (2016: £184.1m).

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 9 Investments (continued)

##### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Principal subsidiaries	Registered office	Class of shares	Holding	Principal activity
Harrods (UK) Limited*	England and Wales	Ordinary	100%	Holding company
Harrods Limited	England and Wales	Ordinary	100%	Department store
Harrods International Limited	England and Wales	Ordinary	100%	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Ordinary	100%	Exporter
Harrods Estates Limited	England and Wales	Ordinary	100%	Estate agency
PL Management Limited	England and Wales	Ordinary	100%	Property Management
Harrods Estates Paris S.A.	France	Ordinary	100%	Property Management
Genavco Holdings Limited	England and Wales	Ordinary	100%	Holding company
Genavco Insurance Limited	England and Wales	Ordinary	100%	Insurance broker
Harrods Corporate Management Limited*	England and Wales	Ordinary	100%	Intellectual Property Management Limited
Harrods Property Limited	England and Wales	Ordinary	100%	Property Management
Harrods Nominees Limited	England and Wales	Ordinary	100%	Dormant company
Wylie and Company Limited	England and Wales	Ordinary	100%	Dormant company
Featurecode 2A Holdings	England and Wales	Ordinary	100%	Dormant company
Featurecode 2A	England and Wales	Ordinary	100%	Dormant company
Harrods Management Limited	England and Wales	Ordinary	100%	Dormant company
5A Watches Limited	England and Wales	Ordinary	100%	Dormant company
Harrods Group Trustees Limited	England and Wales	Ordinary	100%	Dormant company

\* the whole of the issued ordinary share capital in these companies is owned directly by the company. The whole of the ordinary share capital in the other companies is held by intermediate companies.

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 10 Debtors

	<b>28 January 2017 £m</b>	<b>30 January 2016 £m</b>
<b>Debtors due after more than one year</b>		
Amounts owed by group undertakings	-	835.6
Deferred tax asset	0.1	-
	<u>0.1</u>	<u>-</u>
	<u>0.1</u>	<u>835.6</u>

On 30 April 2015, the company granted a loan of £835.6m to Harrods Property Limited. During the course of the period ending 28 January 2017, and as part of the group's corporate simplification program, the loan was contributed to its subsidiary, Harrods (UK) Limited in return for share capital. As at 28 January 2017, the loan amount was £nil (2016: £835.6m).

	<b>28 January 2017 £m</b>	<b>30 January 2016 £m</b>
<b>Debtors due within one year</b>		
Amounts owed by group undertakings	9.5	9.5
Other debtors	0.2	0.3
	<u>9.7</u>	<u>9.8</u>
	<u>9.7</u>	<u>9.8</u>

In March 2007, the company granted a loan of £10.2m to QH Enterprises Limited. As at 28 January 2017, the balance outstanding was £9.5m (2016: £9.5m).

#### 11 Creditors: Amounts falling due within one year

	<b>28 January 2017 £m</b>	<b>30 January 2016 £m</b>
<b>Amounts falling due within one year</b>		
Loans and borrowings	55.0	150.0
Amounts owed to group undertakings	210.1	239.2
Accrued expenses	1.6	0.2
	<u>266.7</u>	<u>389.4</u>
	<u>266.7</u>	<u>389.4</u>

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 11 Creditors: Amounts falling due within one year (continued)

Loans and borrowings amounts payable within one year, represent the Revolving Credit Facility of £200m, of which £40m was drawn down as at 28 January 2017 (2016: £135m), and bank loan amortisation payable within 1 year of £15m (2016: £15m).

#### 12 Creditors : Amounts falling due after more than one year

	28 January 2017 £m	30 January 2016 £m
<b>Amounts falling due after more than one year</b>		
Bank loans	613.9	628.1
Interest rate swaps	<u>21.4</u>	<u>16.7</u>
	<u>635.3</u>	<u>644.8</u>

On 29 April 2015, Harrods Holdings Limited entered into a new loan facility with a banking syndicate comprising a term loan of £650 million and a revolving credit facility of £200 million for a period of five years. The loan and facility were secured by way of a floating charge on the assets of the company and its subsidiaries, and a fixed charge on specific assets under the ownership of the company's subsidiaries.

Amounts due after more than 1 year represents £620m term loan and issue costs amortised to date of £6.1m.

An interest rate swap was entered into by Harrods Holdings on 30th April 2015 to hedge future expected cash outflows on the new loan facility of £650m.

The interest rate swaps have a total notional value of £545m and terminate on 29 April 2022. The change in fair value for the period (-£4.7m) (2016: -£16.7m) has been fully recognised in other comprehensive income. The total liability at 28 January 2017 is £21.4m (2016: £16.7m).

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 12 Creditors : Amounts falling due after more than one year (continued)

##### Loans

Analysis of the maturity of loans is given below:

	28 January 2017	30 January 2016
	£m	£m
<b>Amounts falling due within one year</b>		
Bank loans	15.0	15.0
Revolving credit facility	40.0	135.0
	<u>55.0</u>	<u>150.0</u>
<b>Amounts falling due after more than one year</b>		
Bank loans	613.9	628.1
	<u>613.9</u>	<u>628.1</u>

## **Harrods Holdings Limited**

### **Notes to the Financial Statements for the period ended 28 January 2017 (continued)**

#### **Notes to the Financial Statements (continued)**

#### **13 Pension and other schemes**

##### **Defined benefit pension schemes**

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 28 January 2017, the participating employers made total contributions to the plan of £6.5m (2016: £20.3m).

Due to the deficits falling below the lower agreed tolerance band as indicated above for three consecutive quarters in the period, the participating employers will be making additional contributions in the following year ending 3rd February 2018, commencing with £7.2m in March 2017 and to be reassessed quarterly thereafter. The additional payments will cease once the deficit recovers above the lower tolerance band.



## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 13 Pension and other schemes (continued)

##### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the statement of financial position are as follows:

	<b>28 January 2017 £m</b>	<b>30 January 2016 £m</b>
Fair value of scheme assets	24.3	21.8
Present value of defined benefit obligation	(25.0)	(20.7)
	(0.7)	1.1
Other amounts recognised in the statement of financial position	0.1	(0.1)
Defined benefit pension scheme (deficit)/surplus	(0.6)	1.0

##### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	<b>28 January 2017 £m</b>
Present value at start of period	20.7
Past service cost	(0.8)
Interest cost	0.7
Actuarial gains and losses	5.4
Benefits paid	(0.6)
Transfers	(0.4)
Present value at end of period	25.0

##### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	<b>28 January 2017 £m</b>
Fair value at start of period	21.8
Interest income	0.8
Actuarial gains and losses	2.4
Employer contributions	0.3
Benefits paid	(0.6)
Transfers	(0.4)
Fair value at end of period	24.3

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 13 Pension and other schemes (continued)

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	28 January 2017 £m	30 January 2016 £m
Cash and cash equivalents	2.6	0.6
Equity instruments	3.4	7.3
Debt instruments	10.0	8.9
Other assets	8.3	5.0
	24.3	21.8

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

##### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2017 %	2016 %
Discount rate	2.85	3.75
Future pension increases	2.45	2.20
Inflation	3.45	3.00
	3.45	3.00

##### *Post retirement mortality assumptions*

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	28.1	28.0
Current UK pensioners at retirement age - female	29.9	29.9
Future UK pensioners at retirement age - male	30.4	30.4
Future UK pensioners at retirement age - female	32.3	32.2
	32.3	32.2

#### 14 Share capital

##### Authorised, allotted, called up and fully paid shares

	28 January 2017		30 January 2016	
	No.m	£m	No.m	£m
Ordinary shares of £1 each	50.0	50.0	50.0	50.0

## Harrods Holdings Limited

### Notes to the Financial Statements for the period ended 28 January 2017 (continued)

#### Notes to the Financial Statements (continued)

#### 14 Share capital (continued)

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

#### 15 Dividends

	52 weeks ended 28 January 2017 £m	52 weeks ended 30 January 2016 £m
Declared dividend of £2.20 (2016 - £1.94) per ordinary share	<u>110.0</u>	<u>97.1</u>

#### 16 Capital Commitments

At 28 January 2017 the company had no capital commitments (2016: £nil).

#### 17 Contingent liabilities

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

There were no other contingent liabilities at 28 January 2017 or 30 January 2016.

#### 18 Related party transactions

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

#### 19 Parent and ultimate parent undertaking

The company's immediate parent undertaking is QH Participations Limited, a company incorporated in the United Kingdom. The ultimate UK parent undertaking of QH Participations Limited is Harrods Group (Holding) Limited. The largest and smallest UK group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited.

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.