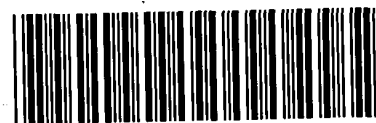


GENAVCO INSURANCE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 JANUARY 2017

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GENAVCO INSURANCE LTD

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GENAVCO INSURANCE LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 JANUARY 2017**

The directors present their report and the financial statements for the period ended 28 January 2017.

PRINCIPAL ACTIVITY

The principal activity of the company is insurance broking.

BUSINESS REVIEW

The Company's key performance indicator during the year was profit/loss before taxation. There was a loss for the period before tax of £128,376 (2016: loss of £271,459). The improved performance was largely attributable to a reduction in staff costs, although this was offset to some extent by a reduction in income. The directors did not recommend the payment of a dividend during the period (2016: nil).

The directors are committed to achieve a return to profitability in 2017/18.

DIRECTORS

The directors who served during the period were:

D Meur
M J McClymont

FINANCIAL INSTRUMENTS

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.

During the period under review the eligible regulatory capital, represented by net assets reduced to £410,563 (2016: £519,583). The net asset position is reviewed on a regular basis and the Company expects to continue to meet the solvency requirements set by the Financial Conduct Authority.

Credit risk

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

Going concern

Having taken into account the risks and uncertainties and the performance of the business as disclosed in this report and making sufficient enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis for preparing the annual report and accounts.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

GENAVCO INSURANCE LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 JANUARY 2017**

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

This report was approved by the board on 06 June 2017 and signed on its behalf.



M J McClymont
Director

Registered Office
87-135 Brompton Road
London
SW1X 7XL

GENAVCO INSURANCE LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENAVCO INSURANCE LTD

We have audited the financial statements of Genavco Insurance Ltd for the period ended 28 January 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1-19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 directors 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 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 loss 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.

Opinion on other matter 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 year for which the financial statements

GENAVCO INSURANCE LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENAVCO INSURANCE LTD

are prepared is consistent with the financial statements.

- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no 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.

Ernst & Young LLP

Ed Jervis (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

25 Churchill Place
London
E14 5EY

06 June 2017

GENAVCO INSURANCE LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 JANUARY 2017**

	Note	31 January 2016 to 28 January 2017 £	1 February 2015 to 30 January 2016 £
Turnover		1,471,951	1,510,015
Gross profit		1,471,951	1,510,015
Administrative expenses		(1,612,982)	(1,785,646)
Operating loss		(141,031)	(275,631)
Interest receivable and similar income	6	12,655	4,480
Interest payable and expenses	7	-	(308)
Loss before taxation		(128,376)	(271,459)
Tax on loss	8	25,747	56,457
Loss for the period		(102,629)	(215,002)
Other comprehensive income for the period			
Actuarial (losses)/gains on defined benefit pension scheme		(443,730)	189,156
Movement of deferred tax relating to pension scheme		78,012	(34,048)
Other comprehensive income for the period		(365,718)	155,108
Total comprehensive loss for the period		(468,347)	(59,894)

GENAVCO INSURANCE LTD

**BALANCE SHEET
AS AT 28 JANUARY 2017**

	Note	28 January 2017 £	30 January 2016 £
Fixed assets			
Tangible assets	9	11,911	11,469
		<u>11,911</u>	<u>11,469</u>
Current assets			
Debtors: amounts falling due within one year	10	1,872,450	2,394,219
Cash at bank and in hand	11	1,346,011	1,162,677
		<u>3,218,461</u>	<u>3,556,896</u>
Creditors: amounts falling due within one year	12	(2,707,165)	(3,260,131)
Net current assets		<u>511,296</u>	296,765
Total assets less current liabilities		<u>523,207</u>	<u>308,234</u>
Pension asset/(liability)	15	(112,644)	211,349
Net assets		<u>410,563</u>	<u>519,583</u>
Capital and reserves			
Called up share capital	13	500,000	500,000
Profit and loss account		(448,764)	19,583
Contribution Reserve	14	359,327	-
		<u>410,563</u>	<u>519,583</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 06 June 2017

D Meur

D Meur
Director

The notes on pages 8 to 22 form part of these financial statements.

GENAVCO INSURANCE LTD

**STATEMENT OF CHANGES IN EQUITY
AS AT 28 JANUARY 2017**

	Share capital	Capital Contribution	Retained earnings	Total equity
	£	£	£	£
At 31 January 2016	500,000	-	19,583	519,583
Comprehensive income for the period				
Loss for the period	-	-	(102,629)	(102,629)
Actuarial losses on pension scheme	-	-	(365,718)	(365,718)
Other comprehensive income for the period	-	-	(365,718)	(365,718)
Total comprehensive loss for the period	-	-	(468,347)	(468,347)
Total transactions with owners	-	359,327	-	359,327
At 28 January 2017	<u>500,000</u>	<u>359,257</u>	<u>(448,764)</u>	<u>410,563</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Genavco Insurance Limited is a limited liability company incorporated in England. The registered office is 87-135 Brompton Road, London SW1X 7XL.

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.

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.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

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

1.3 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 at the later of inception date and 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.

1.4 Tangible fixed assets

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life.

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

1. ACCOUNTING POLICIES (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Fixtures and fittings	-	5	years
Computer equipment	-	4	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.5 Operating leases

Rents payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the earlier of the period of the contract break clause or lease term.

1.6 Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

1.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

1.8 Pensions

Defined Contribution Scheme

The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

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

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality 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 statement of comprehensive income 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 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.

1.9 Current and deferred taxation

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the Balance Sheet date.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in future, or a right to pay less tax in 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 schemes surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

1.10 Debtors

Debtors are measured at transaction price, less any impairment.

1.11 Creditors

Creditors are measured at the transaction price.

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Depreciation of tangible fixed assets	6,577	4,773
Auditors remuneration	40,613	33,545
Defined contribution pension cost	<u>32,225</u>	<u>51,399</u>

3. AUDITORS' REMUNERATION

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Audit of the financial statements	25,679	25,679
Audit related assurance services	14,934	7,866
	<u>40,613</u>	<u>33,545</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

4. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Wages and salaries	1,085,353	1,207,085
Social security costs	91,062	109,882
Cost of defined contribution scheme	32,225	51,399
	<u>1,208,640</u>	<u>1,368,366</u>

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

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	No.	No.
Administration and support	<u>18</u>	<u>22</u>

5. DIRECTORS' REMUNERATION

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Directors' emoluments	220,292	216,317
Company contributions to defined contribution pension schemes	6,757	5,993
	<u>227,049</u>	<u>222,310</u>

The highest paid director received remuneration of £143,966 (2016 - £145,696).

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2016 - nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Interest receivable from group companies	194	230
Other interest receivable	3,479	4,250
Pension Scheme other finance income	8,982	-
	<u>12,655</u>	<u>4,480</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Other finance cost	-	308
	<u>-</u>	<u>308</u>

8. TAXATION

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Current Tax		
Adjustments in respect of previous years	678	-
Group relief receivable for the period	(35,146)	(119,997)
Total current tax credit	<u>(34,468)</u>	<u>(119,997)</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

Deferred tax

Current year charge/(credit)	10,566	66,916
Rate change adjustment	(1,969)	(3,376)
Prior year adjustment	(562)	-
Immaterial unexplained difference	686	-
Total deferred tax charge	<u>8,721</u>	<u>63,540</u>
Taxation on (loss)/profit on ordinary activities	<u>(25,747)</u>	<u>(56,457)</u>
Total current and deferred tax (credit)/charge relating to items within other comprehensive income	<u>(78,012)</u>	<u>34,048</u>

FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD

The tax assessed for the period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20.16%). The differences are explained below:

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Loss before tax	<u>(128,376)</u>	<u>(271,459)</u>
Loss multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20.16%)	(25,675)	(54,730)
Effects of:		
Expenses not deductible for tax purposes	1,095	1,649
Adjustments to tax charge in respect of tax rate changes	(1,167)	(3,376)
Tax credit on loss	<u>(25,747)</u>	<u>(56,457)</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of tax applied to profit 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.

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

Deferred Tax

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

	31 January 2016 to 28 January 2017	1 February 2015 to 30 January 2016
	£	£
Timing differences in relation to:		
Fixed Assets	4,335	4,884
Deductible as paid	374	-
Pension scheme (note 14)	23,072	(46,394)
Total deferred tax asset/(liability)	27,781	(41,510)

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings
	£
Cost or valuation	
At 31 January 2016	180,384
Additions	7,019
Disposals	(20,856)
At 28 January 2017	166,547
Depreciation	
At 31 January 2016	168,915
Charge for the period	6,577
Eliminated on disposals	(20,856)
At 28 January 2017	154,636

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

At 28 January 2017	11,911
<i>At 31 January 2016</i>	<i>11,469</i>

10. DEBTORS

	28 January 2017 £	<i>30 January 2016 £</i>
Trade debtors	1,750,886	2,181,453
Amounts owed by group undertakings	35,145	119,997
Other debtors	-	3,207
Prepayments and accrued income	81,710	84,678
Deferred taxation	4,709	4,884
	1,872,450	<i>2,394,219</i>

11. CASH AND CASH EQUIVALENTS

	28 January 2017 £	<i>30 January 2016 £</i>
Fiduciary cash held under a non statutory trust	1,323,775	1,148,203
Company cash	22,236	14,474
	1,346,011	<i>1,162,677</i>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

12. CREDITORS: Amounts falling due within one year

	28 January 2017 £	<i>30 January 2016 £</i>
Trade creditors	2,432,247	2,623,763
Amounts owed to group undertakings	122,042	510,174
Other creditors	21,196	21,196
Accruals and deferred income	131,680	104,998
	<u>2,707,165</u>	<u>3,260,131</u>

The other creditors of £21,196 (2016: £21,196) is a provision recognised for dilapidation costs expected to be incurred at the end of our office lease at 31 July 2017.

13. SHARE CAPITAL

	28 January 2017 £	<i>30 January 2016 £</i>
Allotted, called up and fully paid		
500,000- Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

14. CONTRIBUTION RESERVE

The Shareholders made a capital contribution during the year of £359,327 (2016: nil)

15. PENSION COMMITMENTS

Defined contribution pension scheme

The Group operates the Harrods Retirement Savings Plan, which is an approved defined contribution scheme; it was established in April 2006 and is provided and managed by Fidelity International. The pension cost charge for the period represents contributions payable by the company to the scheme and

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

amounted to £32,225 (2016- £51,399).

Contributions totalling £nil (2016-£nil) were payable to the scheme at the end of the period.

Defined benefit pension scheme

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

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

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

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

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

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

Due to the deficit 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.

Genavco Insurance Limited's share of scheme assets and liabilities was 0.75% at 28 January 2017 (2016: 0.88%).

Reconciliation of present value of plan liabilities:

	28 January 2017	<i>30 January 2016</i>
	£	£
At the beginning of the year	(4,452,467)	(4,868,176)
Interest cost	(138,107)	(152,064)

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2017**

Actuarial (losses)/gains	(850,256)	514,518
Deferred tax on pension scheme movement	69,466	(64,691)
Benefits paid	117,377	117,946
Transfers (change in allocation between contributing employers)	664,449	-
At the end of the year	<u>(4,589,538)</u>	<u>(4,452,467)</u>

Reconciliation of present value of plan assets:

	28 January 2017 £	30 January 2016 £
At the beginning of the year	4,663,816	4,784,824
Interest income	147,090	151,756
Actuarial gains/(losses)	445,394	(325,362)
Contributions	48,395	178,429
Benefits paid	(117,377)	(117,946)
Past service cost	(7,107)	(7,885)
Transfers (change in allocation between contributing employers)	(703,317)	-
At the end of the year	<u>4,476,894</u>	<u>4,663,816</u>

Composition of plan assets:

	28 January 2017 £	30 January 2016 £
Equity Instruments	622,288	1,555,400
Debt instruments	1,848,957	1,905,632
Cash	487,981	133,074
Other assets	1,517,668	1,069,710
Total plan assets	<u>4,476,894</u>	<u>4,663,816</u>

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15. PENSION COMMITMENTS (continued)

	28 January 2017 £	<i>30 January 2016 £</i>
Fair value of plan assets	4,476,894	4,663,816
Present value of plan liabilities	(4,589,538)	(4,452,467)
Net pension scheme liability	<u>(112,644)</u>	<u>211,349</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £(1,996,436) (2016 - £(1,552,706)).

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

	2017	<i>2016</i>
Discount rate	2.85%	3.75%
Future pension increases	2.45%	2.20%
Inflation	3.45%	3.0%

Post retirement (at age 60) mortality assumptions

Current pensioners at retirement age - male	28.1 Years	28 Years
Current pensioners at retirement age - female	29.9 Years	29.9 Years
Future pensioners at retirement age - male	30.4 Years	30.4 Years
Future pensioners at retirement age – female	<u>32.3 Years</u>	<u>32.2 Years</u>

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Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2017 £	2016 £	2015 £	2014 £	2013 £
Defined benefit obligation	(4,589,538)	(4,452,467)	(4,868,176)	(4,476,466)	(4,328,103)
Scheme assets	4,476,894	4,663,816	4,784,824	4,510,417	4,398,544
(Deficit)/surplus	(112,644)	211,349	(83,352)	33,951	70,441

16. CONTINGENT LIABILITIES

The Harrods Group (Holding) 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 28 January 2017 or 30 January 2016.

17. COMMITMENTS UNDER OPERATING LEASES

At 28 January 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	28 January 2017 £	30 January 2016 £
Not later than 1 year	30,000	59,167
Later than 1 year and not later than 5 years	-	5,000
Total	30,000	64,167

18. RELATED PARTY TRANSACTIONS

Mr D Meur, a director of the company, is also a director of another broking firm.

Included in turnover for the period ending 28 January was £139,733 (2016: £146,975) representing the net retained income from business placed through Genavco by this firm. Amounts due to Genavco from this firm at 28 January 2017 were £769,922 (2016: £1,199,292).

19. CONTROLLING PARTY

The company is controlled by Qatar Investment Authority. The company's immediate parent undertaking is Genavco Holdings Limited, a company registered in England and Wales. The ultimate UK parent

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undertaking of Genavco Holdings Limited is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The group accounts will be filed with the Registrar of Companies in due course.

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party