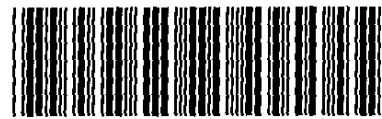


Registration number: 0835993

# Harrods Estates Limited

Directors' Report and Unaudited Financial Statements  
for the period ended 03 February 2018

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## **Harrods Estates Limited**

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**Harrods Estates Limited**  
**Directors' Report**  
**for the period ended 3 February 2018**

The directors present their Report and the Financial Statements for the period ended 03 February 2018.

**Principal activity**

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

**Fair review of the business**

Volumes of sales decreased again reflecting concerns over macro-economic conditions with prices also reducing in places, however, again, performance was probably better than competitors with greater exposure to the market with more offices. The Lettings market also experienced a difficult year with reduced demand and increased supply reducing rents and volume of transactions.

**Results and dividends**

The loss for the period, after taxation, amounted to £ 229,714 (2017 - £259,510). The directors do not recommend the payment of dividend (2017: £nil).

**Directors of the Company**

The directors who held office during the period were:

J M P Cook

S P Drummond

E Woolgar (Resigned 31 August 2017)

R Stephenson (Resigned 19 February 2018)

M A Ward (appointed 24 May 2017)

J P Edgar (appointed 24 May 2017 and Resigned 10 November 2017)

S Barry (appointed 26 October 2017)

S McIntyre (appointed 4 December 2017)

**Disabled employees**

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

**Employee involvement**

Information is provided regularly by means of normal management communication channels using written material, face-to-face meetings and team presentations.

Consultation with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. Employees are made aware of their contribution to the company through team meetings and updates as well as through individual performance appraisals.

**Credit Risk**

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

## **Harrods Estates Limited**

### **Directors' Report for the period ended 3 February 2018 (continued)**

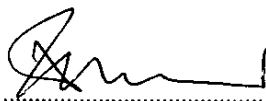
#### **Going concern**

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.

#### **KPIs**

There are no KPIs required to be reported other than profit/(loss), after taxation, that would give a fuller understanding to the business.

Approved by the Board on 19 June 2018 and signed on its behalf by:



.....  
D J Webster  
Company secretary

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

## **Harrods Estates Limited**

### **Statement of Directors' Responsibilities for the period ended 3 February 2018**

The Directors acknowledge their responsibilities for preparing the Annual 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 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 Estates Limited**

**Profit and Loss Account**  
**For the period ended 3 February 2018**

	Note	53 weeks ended 03 February 2018 £	52 weeks ended 28 January 2017 £
Turnover	2	2,891,153	3,792,370
Cost of sales		<u>(2,015,907)</u>	<u>(2,325,904)</u>
<b>Gross profit</b>		875,246	1,466,466
Distribution costs		(170)	5,189
Administrative expenses		<u>(1,980,340)</u>	<u>(1,894,665)</u>
<b>Operating loss</b>	3	(1,105,264)	(423,010)
Income from shares in group companies	6	909,396	300,000
Other interest receivable and similar income	7	495	8,264
Interest payable and similar expenses	8	<u>(293,284)</u>	<u>(280,159)</u>
<b>Loss before tax</b>		(488,657)	(394,905)
Tax on loss	9	<u>258,943</u>	<u>135,395</u>
<b>Loss for the financial period</b>		<u>(229,714)</u>	<u>(259,510)</u>

## Harrods Estates Limited

### Statement of Comprehensive Income For the period ended 3 February 2018

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
<b>Loss for the period</b>	<u>(229,714)</u>	<u>(259,510)</u>
<b>Other comprehensive income</b>		
Actuarial gain/(loss) on defined benefit schemes	11,447	(324,337)
Movement on deferred tax relating to pension (surplus)/deficit	<u>(1,946)</u>	<u>56,777</u>
<b>Other comprehensive income for the period</b>	<u>9,501</u>	<u>(267,560)</u>
<b>Total comprehensive income for the period</b>	<u><u>(220,213)</u></u>	<u><u>(527,070)</u></u>

The notes on pages 8 to 20 form an integral part of these financial statements.  
Page 5

**Harrods Estates Limited**

**Registration number: 0835993**

**Balance Sheet**

**as at 3 February 2018**

	Note	03 February 2018 £	28 January 2017 £
<b>Fixed assets</b>			
Tangible assets	10	282,215	426,304
Investments	11	<u>2</u>	<u>2</u>
		<u>282,217</u>	<u>426,306</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	865,524	1,344,679
Cash at bank and in hand		<u>154,375</u>	<u>41,807</u>
		1,019,899	1,386,486
Creditors: amounts falling due within one year	13	<u>(4,012,698)</u>	<u>(4,106,255)</u>
<b>Net current liabilities</b>		<u>(2,992,799)</u>	<u>(2,719,769)</u>
<b>Total assets less current liabilities</b>		(2,710,582)	(2,293,463)
Creditors: amounts falling due after more than one year	13	<u>(509,853)</u>	<u>(511,268)</u>
<b>Net liabilities excluding pension asset/(liability)</b>		(3,220,435)	(2,804,731)
Pension asset/(liability)	17	<u>78,503</u>	<u>(116,988)</u>
<b>Net liabilities</b>		<u>(3,141,932)</u>	<u>(2,921,719)</u>
<b>Capital and reserves</b>			
Called up share capital	14	640,000	640,000
Profit and loss account		<u>(3,781,932)</u>	<u>(3,561,719)</u>
<b>Total equity</b>		<u>(3,141,932)</u>	<u>(2,921,719)</u>

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

The directors acknowledge their responsibilities for complying with the requirements of the act Companies act 2006 with respect to accounting records and the preparation of Financial Statements. The Company's Financial Statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Approved and authorised by the board on 19 June 2018 and signed on its behalf:



.....  
J M P Cook  
Director



## Harrods Estates Limited

### Statement of Changes in Equity For the period ended 3 February 2018

	Share capital £	Retained earnings £	Total equity £
At 31 January 2016	<u>640,000</u>	<u>(3,034,649)</u>	<u>(2,394,649)</u>
Loss for the period	-	(259,510)	(259,510)
Other comprehensive income	-	(267,560)	(267,560)
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>(527,070)</u>	<u>(527,070)</u>
<b>At 28 January 2017</b>	<b><u>640,000</u></b>	<b><u>(3,561,719)</u></b>	<b><u>(2,921,719)</u></b>

	Share capital £	Retained earnings £	Total equity £
At 29 January 2017	<u>640,000</u>	<u>(3,561,719)</u>	<u>(2,921,719)</u>
Loss for the period	-	(229,714)	(229,714)
Other comprehensive income	-	9,501	9,501
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>(220,213)</u>	<u>(220,213)</u>
<b>At 3 February 2018</b>	<b><u>640,000</u></b>	<b><u>(3,781,932)</u></b>	<b><u>(3,141,932)</u></b>

The notes on pages 8 to 20 form an integral part of these financial statements.

# Harrods Estates Limited

## Notes to the Financial Statements for the period ended 3 February 2018

### 1 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.

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

The following principal accounting policies have been applied.

#### 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); and
- the requirements of Section 33 Related Party Disclosures.

This information is included in the Consolidated Financial Statements of Harrods Group (Holding) Limited, the ultimate UK parent undertaking, as at 3 February 2018 and these Financial Statements may be obtained from the Registrar of Companies.

#### Turnover

Agency fees on property sales are recognised on exchange contract, lettings fees are recognised as turnover of 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 assets

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixture and fittings	3 to 10 years

#### Operating leases

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

#### Investments

Investments are included at cost less any impairment.

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 1 Accounting policies (continued)

##### **Taxation**

The tax expense for the period comprises tax. Tax is recognised in the Profit or Loss Account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in the Statement of Other Comprehensive Income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the Financial Statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

##### **Pensions**

###### **Defined contribution Scheme**

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

###### **Defined Benefit Scheme**

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

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

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

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

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 2 Turnover

The analysis of the company's turnover for the period is attributable to continuing operations as follows:

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Turnover	<u>2,891,153</u>	<u>3,792,370</u>

All turnover arose within the United Kingdom.

#### 3 Operating loss

The operating loss is stated after charging:

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Operating leases	585,882	585,756
Depreciation of tangible fixed assets	<u>97,316</u>	<u>100,990</u>

#### 4 Employees

Staff costs were as follows:

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Wages and salaries	1,697,938	2,017,334
Social security costs	238,896	228,077
Cost of defined contribution scheme	<u>67,957</u>	<u>71,055</u>
	<u>2,004,791</u>	<u>2,316,466</u>

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

	<b>53 weeks ended 03 February 2018 No.</b>	<b>52 weeks ended 28 January 2017 No.</b>
Average number of employees	<u>27</u>	<u>25</u>

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 5 Directors' remuneration

During the period retirement benefits were accruing to 2 director (2017 - 1) in respect of defined benefit pension schemes.

During the period retirement benefits were accruing to 4 directors (2017 - 3) in respect of defined contribution pension schemes.

Remuneration in respect of directors was as follows:

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Emoluments	<u>659,209</u>	<u>763,920</u>

Included in emoluments for the period ended 3 February 2018 are pension contributions of £34,522 (2017: £30,811). The value of emoluments incurred directly by the company was £659,209 (2016: £763,920).

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

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Defined benefit accrued pension entitlement at the end of the period	<u>304,992</u>	<u>296,231</u>

#### 6 Dividends

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Dividend receivable from group undertakings	<u>909,396</u>	<u>300,000</u>

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 7 Interest receivable

	<b>53 weeks ended 03 February 2018</b>	<b>52 weeks ended 28 January 2017</b>
	<b>£</b>	<b>£</b>
Interest receivable from group companies	456	388
Other interest receivable	39	133
Other finance income	-	7,743
	<b>495</b>	<b>8,264</b>

#### 8 Interest payable and similar charges

	<b>53 weeks ended 03 February 2018</b>	<b>52 weeks ended 28 January 2017</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	851	-
Loans from group undertakings	292,433	280,159
	<b>293,284</b>	<b>280,159</b>

#### 9 Taxation

	<b>53 weeks ended 03 February 2018</b>	<b>52 weeks ended 28 January 2017</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
Group relief receivable for the period	(273,406)	(136,905)
Adjustments in respect of prior years	11,170	536
<b>Total current income tax</b>	<b>(262,236)</b>	<b>(136,369)</b>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	15,655	(6,392)
Arising from changes in tax rates	(1,766)	7,366
Adjustment in respect of previous periods	(10,596)	-
<b>Total deferred taxation</b>	<b>3,293</b>	<b>974</b>
<b>Tax receipt in the income statement</b>	<b>(258,943)</b>	<b>(135,395)</b>

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 9 Taxation (continued)

##### Tax relating to items recognised in other comprehensive income or equity

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Current tax related to items recognised as items of other comprehensive income	<u>1,946</u>	<u>56,777</u>

The tax on loss before for the period is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19.16% (2017 - 20%).

The differences are reconciled below:

	<b>53 weeks ended 03 February 2018 £</b>	<b>52 weeks ended 28 January 2017 £</b>
Loss before tax	<u>(488,657)</u>	<u>(394,905)</u>
Corporation tax at standard rate	(93,635)	(78,981)
(Income)/expense not deductible for tax purposes	(164,116)	(57,478)
Impact of tax rate changes	(1,766)	265
Adjustments in respect of prior periods	<u>574</u>	<u>799</u>
<b>Total tax credit</b>	<u>(258,943)</u>	<u>(135,395)</u>

The standard rate of tax applied to profit on ordinary activities is 19.16% (2017: 20%). The Finance (No 2) Act 2015 introduced a reduction in the corporation tax rate to 19% for financial years 2017, 2018 and 2019. The Finance Act 2016 further reduced 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% (2017: 17%) in the Financial Statements is set out below:

	<b>3 February 2018 £</b>	<b>28 January 2017 £</b>
Fixed asset timing differences	45,173	16,771
Short term timing differences	(10,486)	3,267
Retirement benefit obligations asset	<u>-</u>	<u>19,887</u>
	<u>34,687</u>	<u>39,925</u>

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 10 Tangible assets

	Furniture, fittings and equipment £	Other tangible assets £	Total £
<b>Cost or valuation</b>			
At 29 January 2017	1,024,693	70,236	1,094,929
Additions	27,640	6,925	34,565
Disposals	(215,305)	-	(215,305)
At 3 February 2018	<u>837,028</u>	<u>77,161</u>	<u>914,189</u>
<b>Depreciation</b>			
At 29 January 2017	604,130	64,495	668,625
Charge for the period	6,898	1,953	8,851
Eliminated on disposal	(45,502)	-	(45,502)
At 3 February 2018	<u>565,526</u>	<u>66,448</u>	<u>631,974</u>
<b>Carrying amount</b>			
At 3 February 2018	<u>271,502</u>	<u>10,713</u>	<u>282,215</u>
At 28 January 2017	<u>420,563</u>	<u>5,741</u>	<u>426,304</u>



## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 11 Fixed asset Investments

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>£</b>	<b>£</b>
Investments in subsidiaries	2	2
<b>Subsidiaries</b>		<b>£</b>
<b>Cost or valuation</b>		
At 29 January 2017		2
Additions		1,105,481
Disposals		(1,105,481)
At 3 February 2018		2
<b>Provision</b>		
At 29 January 2017		-
At 3 February 2018		-
<b>Carrying amount</b>		
At 3 February 2018		2
At 28 January 2017		2

The fixed asset investment of £2 (2017: £2) represents the net book value of 2 ordinary shares held in the wholly owned subsidiary undertaking PL Management Company Ltd, a company registered in England and Wales.

#### 12 Debtors

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	99,003	725,198
Amounts owed by group undertakings	-	300,411
Other debtors	289,867	-
Prepayments and accrued income	168,561	142,240
Group relief receivable	273,406	136,905
Deferred tax assets	34,687	39,925
Total current trade and other debtors	865,524	1,344,679

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 13 Creditors; Amounts falling due within one year

	03 February 2018	28 January 2017
	£	£
Trade creditors	15,475	27,128
Amounts due to related parties	3,661,028	3,438,326
Social security and other taxes	(33,216)	23,289
Other payables	30,375	30,574
Accruals and deferred income	339,036	586,938
	<u>4,012,698</u>	<u>4,106,255</u>

Amounts owed to group undertakings include a non-interest bearing current account payable on demand by the lender, with Harrods Limited of £3,661,028 (2017: £3,438,326).

#### Creditors: Amount falling due after more than one year

Loans and borrowings	498,817	498,817
Accruals and deferred income	11,036	12,451
	<u>509,853</u>	<u>511,268</u>

Amounts owed to group undertakings include an interest bearing loan at 7.11%, with Harrods Limited of £498,817 (2017: £498,817). The debt is unsecured and repayable with not less than 13 months prior written notice.

#### 14 Share capital

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

	03 February 2018		28 January 2017	
	No.	£	No.	£
Allotted, called up and fully paid shares of £1 each	<u>640,000</u>	<u>640,000</u>	<u>640,000</u>	<u>640,000</u>

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

#### 15 Contingent liabilities

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

There were no other contingent liabilities at 3 February 2018 or 28 January 2017.

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 16 Capital commitments

The company had no capital commitments at 3 February 2018 or 28 January 2017.

#### 17 Pension commitments

##### Defined benefit pension schemes

During the period the company 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.

In aggregate, during the period ended 3 February 2018, the participating employers made total contributions to the plan of £31.5m (2017: £6.5m), of which £23.7m were additional payments made due to the deficit falling below the agreed tolerance band as per the recovery plan outlined above.

As the deficit has continued to fall below the agreed tolerance band, the participating employers will be making additional contributions in the following year ending 2 February 2019, commencing with £4.3m in March 2018 and to be reassessed quarterly thereafter. The additional payments will cease once the deficit recovers above the lower tolerance band.

The next triennial valuation is scheduled for April 2018.

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 17 Pension commitments (continued)

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

The amounts recognised in the Balance Sheet are as follows:

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>£</b>	<b>£</b>
Fair value of scheme assets	4,038,517	3,859,041
Present value of defined benefit obligation	<u>(3,960,014)</u>	<u>(3,976,029)</u>
Defined benefit pension scheme surplus/(deficit)	<u>78,503</u>	<u>(116,988)</u>

##### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	<b>03 February 2018</b>
	<b>£</b>
Present value at start of period	(3,976,029)
Interest cost	(111,555)
Benefits paid	123,679
Actuarial gains and losses	<u>3,891</u>
Present value at end of period	<u>(3,960,014)</u>

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

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

	<b>03 February 2018</b>
	<b>£</b>
Fair value at start of period	3,859,041
Interest income	111,008
Return on plan assets, excluding amounts included in interest income	7,556
Employer contributions	192,101
Benefits paid	(123,679)
Administrative expenses	<u>(7,510)</u>
Fair value at end of period	<u>4,038,517</u>

## Harrods Estates Limited

### Notes to the Financial Statements for the period ended 3 February 2018 (continued)

#### 17 Pension commitments (continued)

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	9,349	420,635
Equity instruments	615,511	536,407
Debt instruments	1,785,792	1,593,784
Other assets	1,627,865	1,308,215
	<u>4,038,517</u>	<u>3,859,041</u>

##### *Principal actuarial assumptions*

The principal actuarial assumptions at the Balance Sheet date are as follows:

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>%</b>	<b>%</b>
Discount rate	2.55	2.85
Future pension increases	2.25	2.45
Inflation	<u>3.25</u>	<u>3.45</u>

##### *Post retirement (after age 60) mortality assumptions*

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	27.70	28.10
Current UK pensioners at retirement age - female	29.40	29.90
Future UK pensioners at retirement age - male	29.60	30.40
Future UK pensioners at retirement age - female	<u>31.30</u>	<u>32.30</u>

#### 18 Commitments under operating leases

At 3 February 2018 the Company had the future minimum lease payments under non-cancellable operating leases as follows:

	<b>03 February 2018</b>	<b>28 January 2017</b>
	<b>£</b>	<b>£</b>
Not later than one year	520,175	587,574
Later than one year and not later than five years	1,841,117	1,890,849
Later than five years	1,020,869	1,053,800
	<u>3,382,161</u>	<u>3,532,223</u>

## **Harrods Estates Limited**

### **Notes to the Financial Statements for the period ended 3 February 2018 (continued)**

#### **19 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.

#### **20 Parent and ultimate parent undertaking**

The company is controlled by Harrods Limited. Harrods Limited is a company registered in London. The ultimate United Kingdom parent undertaking of Harrods Limited is Harrods Group (Holding) Limited. The largest and smallest 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, incorporated in Qatar.