

Registered number: 1848143

HARRODS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JANUARY 2016



HARRODS HOLDINGS LIMITED

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HARRODS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30 JANUARY 2016

The directors present their report and the financial statements for the 52 weeks ended 30 January 2016.

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 £99.4m (2015 - £102.9m). The company paid a dividend of £97.1m (2015: £100.0m).

The main driver for the decrease in profit is due to the decrease in dividends receivable to £100.1m (2015: £103.0m).

BUSINESS REVIEW

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.

DIRECTORS

The directors who served during the period were:

H.E. H A Al-Abdulla (resigned 2 February 2015)

H.E. A M Al-Sayed (resigned 2 February 2015)

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

As at 30 January 2016, the company had a significant loan to a group undertaking. The loan to Harrods Property Limited is ultimately considered recoverable against its net assets, supporting the nominal value of this loan.

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

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

KPIs

There are no other KPIs required to be reported other than turnover and operating profit/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.

HARRODS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JANUARY 2016

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.

DISCLOSURE OF INFORMATION TO AUDITORS

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

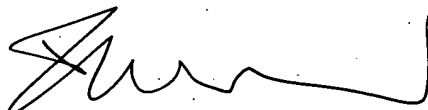
- so far as that director is aware, there is no relevant audit information, being information by the auditor in connection with preparing its report, of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

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.

This report was approved by the board on 7 June 2016 and signed on its behalf.

D J Webster
Company secretary



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

HARRODS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARRODS HOLDINGS LIMITED

We have audited the financial statements of Harrods Holdings Limited for the 52 week period ended 30 January 2016, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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 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 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 30 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

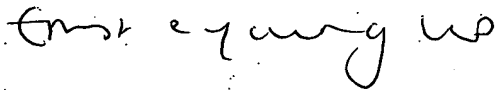
HARRODS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARRODS HOLDINGS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Julie Carlyle (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

1 More London Place
London
SE1 2AF

Date: 8 June 2016

HARRODS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JANUARY 2016

		52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Administrative expenses		<u>(0.3)</u>	<u>(0.3)</u>
Operating loss		(0.3)	(0.3)
Income from shares in group companies		100.1	103.0
Interest receivable and similar income	5	13.0	-
Interest payable and expenses	6	<u>(13.6)</u>	<u>-</u>
Profit before tax		99.2	102.7
Tax on profit	7	<u>0.2</u>	<u>0.2</u>
Profit for the period		<u>99.4</u>	<u>102.9</u>

The notes on pages 10 to 24 form part of these financial statements.

HARRODS HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JANUARY 2016**

	Note	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Profit for the financial period		<u>99.4</u>	<u>102.9</u>
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension schemes		0.9	(1.1)
Movement on deferred tax relating to defined benefit pension asset/liability		(0.2)	0.2
Net loss on cash flow hedges		(16.7)	-
Other comprehensive income for the period		<u>(16.0)</u>	<u>(0.9)</u>
Total comprehensive income for the period		<u><u>83.4</u></u>	<u><u>102.0</u></u>

HARRODS HOLDINGS LIMITED
REGISTERED NUMBER:1848143

BALANCE SHEET
AS AT 30 JANUARY 2016

	Note	30 January 2016 £M	31 January 2015 £M
Fixed assets			
Investments	9	1,089.6	1,091.9
		<u>1,089.6</u>	<u>1,091.9</u>
Current assets			
Debtors: amounts falling due after more than one year	10	835.6	9.5
Debtors: amounts falling due within one year	10	9.8	0.4
Bank and cash balances		2.8	3.6
		<u>848.2</u>	<u>13.5</u>
Creditors: amounts falling due within one year	11	(389.4)	(0.2)
Net current assets		<u>458.8</u>	<u>13.3</u>
Total assets less current liabilities		<u>1,548.4</u>	<u>1,105.2</u>
Creditors: amounts falling due after more than one year	12	(644.8)	(184.1)
Net assets excluding pension asset/(liability)		<u>903.6</u>	<u>921.1</u>
Pension asset/(liability)	17	1.1	(0.4)
Net assets		<u>904.7</u>	<u>920.7</u>
Capital and reserves			
Called up share capital	14	50.0	50.0
Hedging reserve		(16.7)	-
Merger reserve		865.6	867.9
Profit and loss account		5.8	2.8
		<u>904.7</u>	<u>920.7</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2016.

J P Edgar
 Director

The notes on pages 10 to 24 form part of these financial statements.

HARRODS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JANUARY 2016

	Share capital	Hedging Reserve	Revaluation reserve	Profit and loss account	Total equity
	£M	£M	£M	£M	£M
At 1 February 2015	50.0	-	867.9	2.8	920.7
Comprehensive income for the period					
Profit for the period	-	-	-	99.4	99.4
Actuarial gains/(losses) on defined benefit pension schemes (net of deferred tax)	-	-	-	0.7	0.7
Net loss on cash flow hedges	-	(16.7)	-	-	(16.7)
Other comprehensive income for the period	-	(16.7)	-	0.7	(16.0)
Total comprehensive income for the period	-	(16.7)	-	100.1	83.4
Share of net deficit for the period		-	(2.3)	-	(2.3)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(97.1)	(97.1)
Total transactions with owners	-	-	-	(97.1)	(97.1)
At 30 January 2016	50.0	(16.7)	865.6	5.8	904.7

HARRODS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT 31 JANUARY 2015

	Share capital	Revaluation reserve	Profit and loss account	Total equity
	£M	£M	£M	£M
At 2 February 2014	50.0	877.0	0.8	927.8
Comprehensive income for the period				
Profit for the period	-	-	102.9	102.9
Actuarial gains/(losses) on defined benefit pension schemes (net of deferred tax)	-	-	(0.9)	(0.9)
Other comprehensive income for the period	-	-	(0.9)	(0.9)
Total comprehensive income for the period	-	-	102.0	102.0
Share of net deficit for the period	-	(9.1)	-	(9.1)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(100.0)	(100.0)
Total transactions with owners	-	-	(100.0)	(100.0)
At 31 January 2015	50.0	867.9	2.8	920.7

The notes on pages 10 to 24 form part of these financial statements.

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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). This is the first year of adoption for the Company. In accordance with section 35.6 the standard has been applied to all comparatives (reported balances for financial periods ending 31 January 2015 and 1 February 2014) and related information.

Information on the impact of first-time adoption of FRS 102 is given in note 20.

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 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.

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, the ultimate UK parent undertaking, as at 30 January 2016 and these financial statements may be obtained from the Registrar of Companies.

1.3 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.

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

1.4 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.

1.5 Hedge accounting

The Company has entered into variable to 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.

1.6 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest 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.

1.7 Dividends

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

1.8 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 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 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.

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

1. ACCOUNTING POLICIES (continued)

1.9 Borrowing costs

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

1.10 Issue costs

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

1.11 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.

2. OPERATING LOSS

The operating loss is stated after charging:

Audit fees for the period were £1,945 (2015: £1,838).

3. OTHER INCOME

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Dividends receivable from group undertakings	<u>100.1</u>	<u>103.0</u>

4. DIRECTORS AND EMPLOYEES

The company did not employ any persons or incur any staff costs during the period (2015: £nil).

Aggregate remuneration in respect of qualifying services during the period was £2.3m (2015: £1.8m).

The highest paid director received remuneration of £1.6m (2015: 1.3m).

Included in emoluments for the period ended 30 January 2016 are pension contributions of £30,695 (2015: £35,980).

The value of emoluments incurred directly by the company was £nil (2015: £nil). Emoluments incurred by the group's subsidiary undertakings was £2.3m (2015: £1.8m).

There are 0 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2015: 0) and 1 director to whom retirement benefits are accruing under a defined contribution scheme (2015: 1).

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016

5. INTEREST RECEIVABLE

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Interest receivable from group companies	13.0	-
	<u>13.0</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Other loan interest payable	13.4	-
Loans from group undertakings	0.2	-
	<u>13.6</u>	<u>-</u>

7. TAXATION

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Current tax		
Group relief receivable for the period	(0.3)	(0.3)
Total current tax	<u>(0.3)</u>	<u>(0.3)</u>
Deferred tax		
Deferred tax arising on pension scheme movements	0.1	0.1
Total deferred tax	<u>0.1</u>	<u>0.1</u>
Total tax on profit on ordinary activities	<u>(0.2)</u>	<u>(0.2)</u>
Total current and deferred tax relating to items within other comprehensive income	<u>0.2</u>	<u>(0.2)</u>

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016

7. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%). The differences are explained below:

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Profit on ordinary activities before tax	<u>99.2</u>	<u>102.7</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	20.0	21.9
Effects of:		
Dividends from UK companies	(20.2)	(22.0)
Prior year adjustments	-	(0.1)
Total tax credit for the period	<u>(0.2)</u>	<u>(0.2)</u>

The standard rate of tax applied to profit on ordinary activities is 20.16% (2015: 21.32%). The tax rate for the year has reduced following the gradual reduction of the corporation tax rates introduced in Finance Act 2013, with a tax rate of 20% applicable from 1 April 2015.

Following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015, future tax rates will further decrease from 20% to 19% from 1 April 2017 and then down to 18% from 1 April 2020. As a result, deferred tax balances have been calculated using 18% on the basis that the assets/liabilities are expected to unwind over a number of years.

On 16 March 2016 the Chancellor of the exchequer announced in his Budget that corporation tax rates will further decrease to 17% and this will replace the expected decrease to 18% from 1 April 2020.

Deferred taxation

Deferred tax provided for at 18% (2015: 18%) in the financial statements is set out below:

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Defined benefit pension scheme	(0.2)	0.1
Total deferred tax asset/(liability)	<u>(0.2)</u>	<u>(0.1)</u>

HARRODS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

8. DIVIDENDS

	52 weeks ended 30 January 2016 £M	<i>52 weeks ended 31 January 2015 £M</i>
Declared: £1.94p (2015: £2.00p)	97.1	<i>100.0</i>
	97.1	<i>100.0</i>

9. INVESTMENTS

	Investments in subsidiary companies £M
Investment in subsidiaries at 1 February 2015	1,091.9
Share of net deficit for the period	(2.3)
	1,089.6
Investment in subsidiaries at 30 January 2016	1,089.6
Representing:	
Cost of investment	224.1
Share of post acquisition reserve	865.5
	1,089.6
At 30 January 2016	1,089.6

Principal subsidiaries

Operating at 30 January 2016	Country of registration	Principal activity
Harrods (UK) Limited	England and Wales	Holding company
Harrods Limited	England and Wales	Department store
Harrods International Limited	England and Wales	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Exporter
Harrods Estates Limited	England and Wales	Estate agency
PL Management Limited	England and Wales	Property Management
Harrods Estates Paris S.A.	France	Property Management
Genavco Holdings Limited	England and Wales	Holding company
Genavco Insurance Limited	England and Wales	Insurance broker
Harrods Commercial Property Limited	England and Wales	Property Management
Harrods Corporate Management Limited*	England and Wales	Intellectual Property Management
Harrods Property Limited	England and Wales	Property Management
Harrods Nominees Limited	England and Wales	Dormant company
Wylie and Company Limited	England and Wales	Dormant company
Featurecode 2A Holdings	England and Wales	Dormant company
Featurecode 2A	England and Wales	Dormant company
Harrods Management Limited	England and Wales	Dormant company
Harrods Watches Limited	England and Wales	Dormant company
Harrods Group Trustees Limited	England and Wales	Dormant company

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

HARRODS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

10. DEBTORS

	30 January 2016 £M	<i>31 January 2015 £M</i>
Due after more than one year		
Amounts owed by group undertakings	835.6	9.5
	835.6	9.5
	30 January 2016 £M	<i>31 January 2015 £M</i>
Due within one year		
Amounts owed by group undertakings	9.5	-
Other debtors	0.3	0.4
	9.8	0.4

On 30 April 2015, the company granted a loan of £835.6m to Harrods Property Limited. The debt is interest bearing and is repayable within seven years. As at 30 January 2016, the balance outstanding was £835.6m (2015: £nil).

In March 2007, the company granted a loan of £10.2m to QH Enterprises Limited. As at 30 January 2016, the balance outstanding was £9.5m (2015: £9.5m).

Amounts previously classified as Debtors due after more than one year relate to amounts due from Group undertakings. On 6th November 2015, the terms of the loan(s) were amended to become payable on demand and have now been re-classified as amounts due within one year.

11. CREDITORS: Amounts falling due within one year

	30 January 2016 £M	<i>31 January 2015 £M</i>
Bank loans	15.0	-
Revolving credit facility	135.0	-
Amounts owed to group undertakings	239.2	-
Accruals and deferred income	0.2	0.2
	389.4	0.2

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016

12. CREDITORS: Amounts falling due after more than one year

	30 January 2016 £M	31 January 2015 £M
Bank loans	628.1	-
Amounts owed to group undertakings	-	184.1
Interest rate swaps	16.7	-
	<u>644.8</u>	<u>184.1</u>

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 entered into on 29th April 2015 (see note 13).

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 (£16.7m) has been fully recognised in other comprehensive income.

Amounts previously classified as Creditors due after more than one year relate to amounts due to Group undertakings. On 6th November 2015, the terms of the loan(s) were amended to become payable on demand and have now been re-classified as amounts due within one year.

13. LOANS

Analysis of the maturity of loans is given below:

	30 January 2016 £M	31 January 2015 £M
Amounts falling due within one year		
Bank loans	15.0	-
Revolving credit facility	135.0	-
	<u>150.0</u>	<u>-</u>
Amounts falling due after more than 1 year		
Bank loans	628.1	-
	<u>628.1</u>	<u>-</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 payable within one year represent the Revolving Credit Facility of £200m, of which £135m was drawn down as at 30 January 2016, and bank loan amortisation payable within 1 year of £15m.

Amounts due after more than 1 year represents £650m term loan net of £15m amortisation payable within 1 year and issue costs amortised to date of £6.9m.

HARRODS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

14. SHARE CAPITAL

	30 January 2016 £M	<i>31 January 2015 £M</i>
Authorised, allotted, called up and fully paid		
50,000,000- ordinary shares of £1 each	<u><u>50.</u></u>	<u><u>50.0</u></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 cash netting facility is guaranteed by Harrods Holdings Limited and other group companies.

There were no other contingent liabilities at 30 January 2016 or 31 January 2015.

16. CAPITAL COMMITMENTS

At 30 January 2016 the company had no capital commitments (2015: £nil).

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

17. PENSION COMMITMENTS

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 30 January 2016, the participating employers made total contributions to the plan of £20.3m (2015: £15.9m).

Reconciliation of present value of plan liabilities:

	52 weeks ended 30 January 2016 £M	<i>52 weeks ended 31 January 2015 £M</i>
At the beginning of the year	(22.7)	(18.9)
Interest cost	(0.7)	(0.8)
Actuarial gains/losses	1.7	(3.7)
Deferred tax on actuarial gain/loss	(0.3)	0.2
Benefits paid	0.6	0.6
Past service cost	0.7	(0.1)
At the end of the year	(20.7)	<i>(22.7)</i>

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016

17. PENSION COMMITMENTS (continued)

Reconciliation of present value of plan assets:

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
At the beginning of the year	22.3	19.0
Interest income	0.7	1.0
Actuarial gains/losses	(1.4)	2.2
Contributions	0.8	0.7
Benefits paid	(0.6)	(0.6)
At the end of the year	21.8	22.3

Composition of plan assets:

	30 January 2016 £M	31 January 2015 £M
Equities	7.3	7.3
Debt instruments	8.9	9.0
Cash	0.6	2.1
Other assets	5.0	3.9
Total plan assets	21.8	22.3

	30 January 2016 £M	31 January 2015 £M
Fair value of plan assets	21.8	22.3
Present value of plan liabilities	(20.7)	(22.7)
Net pension scheme liability	1.1	(0.4)

HARRODS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

17. PENSION COMMITMENTS (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income to date was £(8.3)m (2015 - £(9.1)m).

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

	2016	2015
Discount rate	3.75%	3.20%
Inflation	3.00%	2.70%
Future pension increases	2.20%	1.90%
Expected return on scheme assets - equity	- %	5.10%
Expected return on scheme assets - cash	- %	1.40%
Expected return on scheme assets - other	- %	3.20%
Post retirement (at age 60) mortality assumptions		
Current pensioners at retirement age - male	28.0	28.2
Current pensioners at retirement age - female	29.9	30.5
Future pensioners at retirement age - male	30.4	30.7
Future pensioners at retirement age - female	<u>32.2</u>	<u>33.0</u>

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

17. PENSION COMMITMENTS (continued)

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

Defined benefit pension schemes

	2016 £M	2015 £M	2014 £M	2013 £M	2012 £M
Defined benefit obligation	(20.7)	(22.7)	(18.9)	(18.2)	(17.2)
Scheme assets	21.8	22.3	19.0	18.5	17.3
Surplus/deficit	1.1	(0.4)	0.1	0.3	0.1

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS102, 33.7 "Related Party Disclosures" from disclosing transactions with other members of the group.

19. CONTROLLING PARTY

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 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.

HARRODS HOLDINGS LIMITED

20. FIRST TIME ADOPTION OF FRS 102

	As previously stated 2 February 2014 £M	Effect of transition 2 February 2014 £M	FRS 102 (as restated) 2 February 2014 £M	As previously stated 31 January 2015 £M	Effect of transition 31 January 2015 £M	FRS 102 (as restated) 31 January 2015 £M
Fixed assets	1,101.0	-	1,101.0	1,091.9	-	1,091.9
Current assets	10.9	-	10.9	13.5	-	13.5
Creditors: amounts falling due within one year	(0.2)	-	(0.2)	(0.2)	-	(0.2)
Net current assets	10.7	-	10.7	13.3	-	13.3
Total assets less current liabilities	1,111.7	-	1,111.7	1,105.2	-	1,105.2
Creditors: amounts falling due after more than one year	(183.8)	-	(183.8)	(184.1)	-	(184.1)
Provisions for liabilities	-	0.1	0.1	(0.4)	-	(0.4)
Net assets	927.9	0.1	928.0	920.7	-	920.7
Capital and reserves	927.9	0.1	928.0	920.7	-	920.7

HARRODS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016

20. FIRST TIME ADOPTION OF FRS 102 (continued)

	Note	As previously stated 31 January 2015 £M	Effect of transition 31 January 2015 £M	FRS 102 (as restated) 31 January 2015 £M
		-	-	-
Administrative expenses		(0.3)	-	(0.3)
Operating profit		(0.3)	-	(0.3)
Income from shares in group undertakings		103.0	-	103.0
Interest receivable and similar income	1	0.1	(0.1)	-
Taxation		0.2	-	0.2
Profit on ordinary activities after taxation and for the financial period		103.0	(0.1)	102.9

Explanation of changes to previously reported profit and equity:

- 1 This movement is due to the differences in recognition principles of defined benefit scheme asset/liability and related period costs under FRS 17 (UK GAAP) and FRS 102.