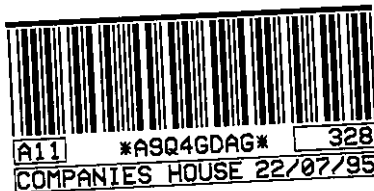


Company number: 30209

**HARRODS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 28 JANUARY 1995**



# **HARRODS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 28 JANUARY 1995**

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## **HARRODS LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 28 January 1995.

#### **Directors**

The present directors of the Company are:

Mr M. Al Fayed - Chairman

Mr A. Fayed

Mr C. P. de Boer

Mr M. D. Cole

Mr A. R. Cox

Mr G. Eggert

Mr J. G. Hawkins

Mr D.R. Webb

Mr M.E. Zipp (Appointed 13.4.94)

Mr R.L. Assanand (Appointed 14.4.94)

Mr O.H. Bayoumi (Appointed 26.9.94)

Other directors who served during the year were:

Mr J.M. Walsh (resigned 26.9.94)

Mr P. Bolliger (resigned 18.4.94)

In accordance with the Articles of Association, no director is required to seek re-election at the forthcoming Annual General Meeting.

#### **Principal Activity**

The Company continues to operate the world renowned department store in London.

#### **Results and Dividends**

The results for the year are set out on page 6.

After payment of dividends for the year of £44,880,000 an amount of £5,226,660 was transferred from reserves.

## **HARRODS LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **Review of the Business**

The Company has continued to build on the successful performance of the previous year. The extensive refurbishment of the store contributed significantly to the results and major expenditure to improve the world famous terracotta facade of the store took place during 1994.

#### **Fixed Assets**

Changes in fixed assets are set out in Notes 7 and 8 to the financial statements.

#### **Revaluation of Properties**

A valuation of the majority, by value, of the freehold and long leasehold properties was carried out as at 28 January 1995, by Healey & Baker, International Real Estate Consultants, on the basis of open market value for the existing use and has been adopted by the directors. The remainder of the properties have been valued by the directors. These valuations showed a net surplus of £2.9 million which has been credited to reserves and is shown in Note 14 to the financial statements.

#### **Directors' Interests**

Apart from Mr M. Al Fayed and Mr A. Fayed, who are beneficially interested in the shares of Harrods Investments plc, the ultimate parent company in the United Kingdom, no director in office at 28 January 1995 held any beneficial interest in the shares of Harrods Investments plc or any of its subsidiaries at 30 January 1994 or at 28 January 1995.

No director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business. Other directors' interests are found in note 6.

#### **Insurance**

The Group maintains insurance in respect of the directors against any such liabilities as are referred to in Section 310 of the Companies Act 1985.

## **HARRODS LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **Charitable and Political Donations**

The charitable donations made by the Company and charged in the accounts were £187,454. There were no political donations.

#### **Health and Safety**

In accordance with the provisions of the Health & Safety at Work etc Act 1974, the Company has issued a written statement of its general policy with respect to the health, safety and welfare at work of its employees and the organisation and arrangements for carrying out that policy. The statement has been brought to the notice of all the employees of the Company.

#### **Disabled Persons**

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

#### **Employee Involvement**

Information is provided regularly to employees by means of normal management communication channels using written materials, face to face meetings and video presentations. The Store Magazine "The Harrodian Gazette" has been issued during the year and has been available to all employees.

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

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

## **HARRODS LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **The Environment**

The Company has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

#### **Statements of Directors' Responsibilities**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements, which have been prepared on a going concern basis, on pages 6 to 23, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.


#### **Auditors**

Price Waterhouse have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

#### **Close Company**

As at 28 January 1995, the Company was a close company within the meaning of Part XI, Chapter I of the Income and Corporation Taxes Act 1988.

By Order of the Board

  
S Ierman  
Secretary  
7 April 1995

Registered Office  
87-135 Brompton Rd  
Knightsbridge  
London SW1X 7XL

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF HARRODS LIMITED**

We have audited the financial statements on pages 6 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 January 1995 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditors

7 April 1995

# HARRODS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 28 JANUARY 1995

	Note	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
<b>GROSS TURNOVER</b>	1	425,407	395,455
Value Added Tax		<u>(49,756)</u>	<u>(47,212)</u>
Turnover		375,651	348,243
Cost of sales		<u>(229,831)</u>	<u>(216,690)</u>
Gross profit		145,820	131,553
Distribution and store costs		<u>(91,807)</u>	<u>(84,572)</u>
<b>OPERATING PROFIT</b>	2	54,013	46,981
Other income	3	7,689	9,139
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		<u>61,702</u>	<u>56,120</u>
Interest	4	<u>(7,322)</u>	<u>(7,504)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		54,380	48,616
Taxation	5	<u>(14,727)</u>	<u>(8,234)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		39,653	40,382
Dividends		<u>(44,880)</u>	<u>(44,392)</u>
<b>TRANSFER FROM RESERVES</b>		<u>(5,227)</u>	<u>(4,010)</u>

The above figures all relate to continuing operations.

A statement of movements on reserves is shown in Note 14.



# HARRODS LIMITED

## BALANCE SHEET AT 28 JANUARY 1995

	Note	28 January 1995 £000	29 January 1994 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	460,640	434,604
Investments	8	<u>2,250</u>	<u>2,250</u>
		<u>462,890</u>	<u>436,854</u>
<b>CURRENT ASSETS</b>			
Stocks	9	31,410	24,738
Debtors due within one year	10	11,845	11,508
Debtors due after more than one year	10	2,050	2,186
Cash at bank and in hand		<u>2,667</u>	<u>457</u>
		<u>47,972</u>	<u>38,889</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(97,632)</u>	<u>(59,007)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(49,660)</u>	<u>(20,118)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		413,230	416,736
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	12	<u>(788)</u>	<u>(2,000)</u>
		<u>412,442</u>	<u>414,736</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	19,200	19,200
Revaluation reserve	14	315,754	312,821
Profit and loss account	14	<u>77,488</u>	<u>82,715</u>
		<u>412,442</u>	<u>414,736</u>

Approved by the Board on 7 April 1995

.....  ..... C P de Boer

.....  ..... J G Hawkins

**HARRODS LIMITED**  
**JANUARY 1995**

	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>		
Profit on ordinary activities after taxation	39,653	40,382
Unrealised surplus on revaluation of properties	<u>2,933</u>	<u>8,813</u>
<b>Total gains and losses relating to the year</b>	<b>42,586</b>	<b>49,195</b>
Prior year adjustment	-	(3,759)
<b>Total gains and losses recognised since last financial statements</b>	<u><u>42,586</u></u>	<u><u>45,436</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

Reported profit on ordinary activities before taxation	54,380	48,616
Realisation of property revaluation gains of previous years	-	8,904
<b>Historical cost profit on ordinary activities before taxation</b>	<u><u>54,380</u></u>	<u><u>57,520</u></u>
<b>Historical cost (loss)/profit for the year retained after taxation and dividends</b>	<u><u>(5,227)</u></u>	<u><u>4,894</u></u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

Total recognised gains	42,586	49,195
Less : Dividends paid	<u>(44,880)</u>	<u>(44,392)</u>
<b>Net (reduction)/ additions to shareholders' funds</b>	<b>(2,294)</b>	<b>4,803</b>
<b>Opening shareholders' funds</b>	<u><u>414,736</u></u>	<u><u>409,933</u></u>
<b>Closing shareholders' funds</b>	<u><u>412,442</u></u>	<u><u>414,736</u></u>

## **HARRODS LIMITED**

### **ACCOUNTING POLICIES**

#### **Basis of financial statements**

The financial statements have been prepared under the historical cost convention modified to include revaluation of the Company's properties and comply with the disclosure requirements of the Companies Act 1985 and applicable accounting standards.

Group financial statements are not presented as the Company is a wholly owned subsidiary undertaking of Harrods Investments plc, a company registered in England and Wales.

Harrods Limited is a wholly owned subsidiary of Harrods Investments plc which produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 ("FRS1"). Consequently the Company has taken advantage of the exemption in FRS1 from producing a cash flow statement.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is computed on the basis of selling price less appropriate trading margin.

#### **Depreciation of tangible fixed assets**

Depreciation is provided by the Company in order to write down to estimated residual value, if any, the cost or valuation of tangible fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Short leasehold buildings -	Period of lease.
Fixtures, fittings vehicles and equipment -	3 to 20 years.

It is the practice of the Company to maintain its properties in a continual state of repair. Accordingly, for freehold and long leasehold properties, the directors consider that the lives of these assets are so long and the residual values (based upon prices prevailing at the time of acquisition or subsequent valuation) are so high that their depreciation is immaterial. Any permanent diminution in the value of such properties is charged to the profit and loss account, as appropriate.

#### **Property development**

In the case of major property development projects the interest on the capital borrowed to finance the project is, where separately identifiable and to the extent that it accrues during the period of development, capitalised as part of the cost of the asset.

## **HARRODS LIMITED**

### **ACCOUNTING POLICIES**

#### **Leased assets**

Rentals paid under operating leases are charged to the profit and loss account over the lease term.

#### **Deferred taxation**

Deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Provision has been made where a tax liability is expected to crystallize.

#### **Pensions**

Retirement benefits are funded by contributions from the Company and employees. Payment is made to a pension trust, which is financially separate from the Company, in accordance with calculations made periodically by consulting actuaries. Contributions are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the average remaining service lives of employees in the scheme.

#### **Turnover**

Turnover is the amount receivable, excluding VAT, for goods and services supplied to customers and includes the sales of concession departments.

#### **Foreign currency**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Realised gains and losses are dealt with in the profit and loss account.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
<b>1 Turnover</b> arises entirely within the United Kingdom.		
	<u>375,651</u>	<u>348,243</u>
<b>2 Operating profit</b> is stated after charging:		
Depreciation of tangible fixed assets	7,606	7,200
Other amounts written off tangible fixed assets	224	-
Depreciation of assets held under finance leases	-	715
Auditors' remuneration:		
-Audit fees	90	98
-Non audit fees	-	32
Hire of plant and machinery	<u>400</u>	<u>341</u>
<b>3 Other income</b>		
Net rental income	514	335
Income on fixed asset investments	200	-
Income from shares in group undertakings	6,975	8,804
	<u>7,689</u>	<u>9,139</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
<b>4 Interest</b>		
<b>Interest receivable:</b>		
From subsidiary undertakings	<u>156</u>	<u>5</u>
<b>Interest payable:</b>		
Loans from the parent undertaking	(7,478)	(7,473)
Finance leases	-	(36)
	<u>(7,478)</u>	<u>( 7,509)</u>
	<u>(7,322)</u>	<u>( 7,504)</u>
<b>5 Taxation</b>		
Taxation based on the profits for the year:		
Corporation tax ( at 33% )	(14,177)	(33)
Tax Credit on UK dividends received	(550)	-
Group relief	-	(8,201)
	<u>(14,727)</u>	<u>(8,234)</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
<b>6 Information regarding directors and employees</b>		
Emoluments including pension contributions	818	918
Compensation for loss of office	55	-
	<u>873</u>	<u>918</u>
Emoluments of Chairman	-	-
Emoluments of highest paid director	<u>154</u>	<u>277</u>

The range of directors' emoluments and the number within each range were:

	Number	Number
£0 - £5,000	5	6
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-
£80,001 - £85,000	1	-
£105,001 - £110,000	2	-
£130,001 - £135,000	1	-
£135,001 - £140,000	-	1
£150,001 - £155,000	2	1
£160,000 - £165,000	-	1
£185,001 - £190,000	-	1
£275,001 - £280,000	-	1
	<u>          </u>	<u>          </u>

Before becoming a director Mr R. L. Assanand took out a loan with the company. The value of the loan and the maximum outstanding at any one time was £3,025. The loan was repaid in full on 27 January 1995. No interest was payable on the loan.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 6 Information regarding directors and employees (continued)

	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
<b>Staff costs</b>		
Wages and salaries	52,018	49,901
Social security costs	4,588	3,910
Other pension costs	855	432
	<u>57,461</u>	<u>54,243</u>

The average weekly number of employees during the year was as follows:

Employees	3,362	3,391
Temporary Staff	<u>242</u>	<u>236</u>
	<u>3,604</u>	<u>3,627</u>

### Pensions

During the year, the Company participated in the Harrods Group Pension Plan, which operated as a defined benefit group pension scheme in the United Kingdom.

The Group pays such contributions to the plan as required in order to fund benefits for the members and pensioners. The assets of the plan were held in trust separately from the Group.

The regular pension cost charged to the profit and loss account is based on figures calculated for the Group as a whole which are such as to spread the expected pension costs over the average remaining working lives of the group of employees who are members of the plan. The regular cost is expressed as a level percentage of the current and expected future earnings using the projected unit method of calculation, having adopted the following actuarial assumptions :

Investment return	9.0 per cent per annum compound
General growth in pensionable payroll	6.5 per cent per annum compound
Dividend growth for asset valuation purposes	4.5 per cent per annum compound

The total surplus for the Group Pension Plan as at 5 April 1993 has been determined by qualified actuaries who are partners of Bacon & Woodrow, Consulting Actuaries. This total surplus has been allocated to the companies within the Group by the Directors of Harrods Investments plc on a basis that is consistent with that adopted in prior years.



## HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 6 Information regarding directors and employees (continued)

Surpluses or deficiencies and associated interest are spread over the same average period as an adjustment to regular cost.

The Group's pension charge for the 52 weeks to 28 January 1995 is based on the total surplus as follows :

	52 weeks ended 28 January 1995 £000	52 weeks ended 29 January 1994 £000
Regular cost	2,055	2,432
Variation	(1,200)	(2,000)
Net pension charge	<u>855</u>	<u>432</u>

The pension prepayment is as follows :

Opening balance	2,186	2,618
Charge to the profit and loss account	(855)	(432)
Closing balance	<u>1,331</u>	<u>2,186</u>

The market value of the assets held within the pension plan as at 5 April 1993 was £271.8 million. At this date, the assets were sufficient to cover 114.5% of the benefits that had accrued to members, after allowing for the expected future increases in earnings. The actuarial surplus is being spread over the estimated remaining service life of the current employees over 10 years on a straight line basis.

From 9 February 1994 a new pension scheme has been established for the employees and pensioners of the House of Fraser plc Group with independent trustees. The assets of the plan have been divided in a manner determined by Bacon and Woodrow, pro rata to the entitlements of the relevant employees and pensioners as at 5 April 1993 and the appropriate proportion of the surplus transferred into the new schemes. The remaining assets continue to reside within the Harrods Group Pension Plan.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7 Fixed assets - tangible assets

	Total £000	Freehold Land & Buildings £000	Long Lease- holds £000	Short Lease- holds £000	Fixtures Fittings, Vehicles & Equipment £000
<b>Cost and valuation</b>					
at 29 January 1994	478,780	390,727	1,310	1,865	84,878
Additions	31,091	19,994	130	-	10,967
Disposals	(1,118)	-	-	-	(1,118)
Group transfers	58	-	-	-	58
Revaluation	2,807	2,767	40	-	-
Reclassification	-	428	(1,150)	(656)	1,378
<b>Cost and valuation</b>					
at 28 January 1995	<u>511,618</u>	<u>413,916</u>	<u>330</u>	<u>1,209</u>	<u>96,163</u>
<b>Aggregate depreciation</b>					
at 29 January 1994	44,176	-	-	363	43,813
Charge for year	7,606	-	-	49	7,557
Disposals	(955)	-	-	-	(955)
Group transfers	53	-	-	-	53
Amounts written-off	224	-	-	224	-
Reclassification	-	126	-	(126)	-
Revaluation	(126)	(126)	-	-	-
<b>Aggregate depreciation</b>					
at 28 January 1995	<u>50,978</u>	<u>-</u>	<u>-</u>	<u>510</u>	<u>50,468</u>
<b>Net book value</b>					
at 28 January 1995	<u>460,640</u>	<u>413,916</u>	<u>330</u>	<u>699</u>	<u>45,695</u>
<b>Net book value</b>					
at 29 January 1994	<u>434,604</u>	<u>390,726</u>	<u>1,310</u>	<u>1,502</u>	<u>41,065</u>
<b>Cost and valuation:</b>					
Directors' valuation 1995	412,518	412,188	330	-	-
<b>Cost</b>					
	<u>99,100</u>	<u>1,728</u>	<u>-</u>	<u>1,209</u>	<u>96,163</u>
	<u>511,618</u>	<u>413,916</u>	<u>330</u>	<u>1,209</u>	<u>96,163</u>

The cost element of freehold land and buildings of £1.7 million represents the cost incurred on unfinished projects at the year end.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7 Fixed assets - tangible assets (continued)

The majority by value of the freehold and long leasehold properties have been professionally valued as at 28 January 1995 by Healey & Baker, International Real Estate Consultants, on the basis of open market value for the existing use. The remainder of the properties have been valued by the directors. These values have been incorporated in the financial statements at 28 January 1995.

Included in the cost of fixed tangible assets is £2,619,682 (net of tax) of capitalised interest (1994 £2,543,033) of which £76,649 was incurred during the year.

The value of fixed assets if determined according to the historical cost accounting rules is as follows:

	Total £000	Freeholds £000	Long Lease- holds £000	Short Lease- holds £000	Fixtures Fittings Vehicles & Equipment £000
Historical cost at 29 January 1994	165,959	79,116	100	1,865	84,878
Depreciation to 29 January 1994	(44,176)	-	-	(363)	(43,813)
<b>Net historical cost at 29 January 1994</b>	<u>121,783</u>	<u>79,116</u>	<u>100</u>	<u>1,502</u>	<u>41,065</u>
Historical cost at 28 January 1995	195,990	98,388	230	1,209	96,163
Depreciation to 28 January 1995	(51,104)	(126)	-	(510)	(50,468)
<b>Net historical cost at 28 January 1995</b>	<u>144,886</u>	<u>98,262</u>	<u>230</u>	<u>699</u>	<u>45,695</u>

## HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 8 Fixed asset investments

Shares at cost and  
net book value: £000

At 28 January 1995  
and 28 January 1994 2,250

#### Shares in subsidiary undertakings:

The Company has the following wholly owned (100% of equity) trading and dormant subsidiary undertakings:

Name	Country of Registration & Location of Principal Operations	Nature of Business
Harrods International Limited	England & Wales	International retailer & wholesaler
Harrods (Continental) Limited	England & Wales	Shipping & freight agency
Harrods Estates	England & Wales	Dormant
Harrodian Trustees Limited	England & Wales	Dormant
Harrods (Management) Limited	England & Wales	Dormant
Wylie and Company Limited	England & Wales	Dormant
Harrods (Canada) Limited	Canada	Dormant

The whole of the share capital of Wylie and Company Limited is held by Harrods International Limited.

Harrods Bank Limited, a company registered in England & Wales has been accounted for as an unlisted investment, although the company continues to retain a full economic interest through 100% ownership of the non voting shares.

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	28 January 1995 £000	29 January 1994 £000
--	----------------------------	----------------------------

### 9 Stocks

Finished goods and goods for resale	<u>31,410</u>	<u>24,738</u>
-------------------------------------	---------------	---------------

There was no significant difference between the replacement cost of stocks at 28 January 1995 and the amount at which they are stated in the financial statements.

### 10 Debtors

#### Amounts due within one year:

Trade debtors	4,858	5,693
Amounts owed by subsidiary undertakings	3,642	2,116
Amounts owed by parent undertaking	151	-
Amounts owed by fellow subsidiary undertakings	93	267
Other debtors	2,238	2,662
Prepayments and accrued income	863	770
	<u>11,845</u>	<u>11,508</u>

#### Amounts due after more than one year:

Pension contributions prepaid	1,331	2,186
ACT recoverable	719	-
	<u>2,050</u>	<u>2,186</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	28 January 1995 £000	29 January 1994 £000
<b>11 Creditors</b>		
<b>Amounts falling due within one year:</b>		
Bank loans and overdrafts	-	683
Trade creditors	26,740	21,061
Amounts owing to parent undertakings	30,717	18,440
Amounts owing to subsidiary undertakings	144	65
Amounts owing to fellow subsidiary undertakings	1,731	1,755
Other creditors	3,582	3,824
Taxation and social security	25,330	6,679
Accruals and deferred income	9,388	6,500
	<u>97,632</u>	<u>59,007</u>

	28 January 1995 £000	29 January 1994 £000
<b>12 Deferred taxation</b>		
Provided in full in respect of capital allowances:		
Balance at 29 January 1994	2,000	2,000
Advance Corporation Tax recoverable	(1,212)	-
Balance at 28 January 1995	<u>788</u>	<u>2,000</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12 Deferred taxation (continued)

28 January 1995 £000	29 January 1994 £000
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In addition to the amount provided for deferred taxation there are potential liabilities in respect of deferred taxation in relation to:

Capital allowances	-	6,000
Revaluation of properties	53,327	53,789
Corporation tax on capital gains	5,474	7,827
	<u>58,801</u>	<u>67,616</u>

In the opinion of the directors the potential liabilities in respect of capital gains are unlikely to arise since the majority of the properties will be retained for use in the business. The availability of replacement of business assets relief would eliminate any liability which could otherwise result from disposals.

Deferred taxation has not been provided in respect of the pension prepayment as at the year end 28 January 1995 as a tax liability will not crystallize as a result of any timing difference.

### 13 Called up share capital

Ordinary shares of 10p:

Authorised	<u>21,500</u>	<u>21,500</u>
Allotted and fully paid	<u>19,200</u>	<u>19,200</u>

# HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14 Reserves

	Revaluation reserve £000	Profit & loss account £000	Total £000
Balance at 29 January 1994	312,821	82,715	395,536
Transfer from reserves	-	(5,227)	(5,227)
Revaluation surplus	2,933	-	2,933
Balance at 28 January 1995	<u>315,754</u>	<u>77,488</u>	<u>393,242</u>

### 15 Capital commitments

	28 January 1995 £000	29 January 1994 £000
Authorised but not yet provided for	<u>17,921</u>	<u>6,234</u>

### 16 Contingent liabilities

On 6 April 1994, the Company's ultimate UK holding company, Harrods Investments plc, negotiated a new loan facility agreement of £130 million under which Harrods Limited is a guarantor. The facility was increased to £200 million on 23 January 1995. In addition, the Harrods Investment plc group's working capital facility from Midland Bank plc is also guaranteed by Harrods Limited and other group companies.

	28 January 1995 £	29 January 1994 £
<b>17 Obligations under operating leases</b>		
Repayable within one year	31,418	17,866
Repayable between one and five years	79,488	152,489
	<u>110,906</u>	<u>170,355</u>



## HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18 Parent undertakings

The Company's immediate parent undertaking is Harrods Holdings plc, a company registered in England and Wales. The immediate parent undertaking of Harrods Holdings plc is Harrods Investments plc, a company registered in England and Wales, which is the parent undertaking of the Harrods Investments Group and which is both the smallest and the largest group which consolidates the results of the Company. The Group accounts will be filed with the Registrar of Companies in due course.

The ultimate parent undertaking is Alfayed Investment and Trust PVT Limited, a company incorporated in Bermuda (previously known as Alfayed Investment and Trust S.A. and incorporated in Liechtenstein). The registered and beneficial owners of the whole of the issued share capital of that company are the Fayed family.