

Company number: 30209

HARRODS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27 JANUARY 1996**



HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27 JANUARY 1996

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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 27 January 1996.

Directors

The present Directors of the Company are:

Mr M. Al Fayed - Chairman
Mr A. Fayed
Mr R. L. Assanand
Mr C. P. de Boer
Mr M. D. Cole
Mr J. G. Hawkins
Mr D. R. Webb
Mr M. E. Zipp

Other directors who served during the year were:

Mr G. Eggert (Resigned 3.5.95)
Mr A. R. Cox (Resigned 25.5.95)
Mr O. H. Bayoumi (Resigned 30.6.95)

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 £39,300,000 (1995: £44,880,000) an amount of £10,133,000 was transferred to reserves (1995: £5,227,000 transferred from reserves).

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

Review of the Business

The Directors consider that the results for the year are excellent. After a slow start to the financial year, the trading pattern strengthened during the summer months and the Company achieved record sales over the Christmas and January Sale period.

The Company continues to carry out a programme of substantial refurbishment and re-development with further major projects due to be completed in 1996.

Fixed Assets

Changes in fixed assets are set out in Notes 6 and 7 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 27 January 1996, by Healey & Baker, International Real Estate Consultants, on the basis of existing use value in accordance with the Appraisal and Valuation manual of the Royal Institute of Chartered Surveyors, 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 £8.4 million which has been credited to reserves and is shown in Note 13 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 27 January 1996 held any beneficial interest in the shares of Harrods Investments plc or any of its subsidiaries at 29 January 1995 or at 27 January 1996.

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 5.

Insurance

The Harrods Investments plc Group maintains insurance in respect of Directors and Officers of all Group subsidiaries against any such liabilities as are referred to in section 310 of the Companies Act 1985.

Charitable and Political Donations

The charitable donations made by the Company and charged in the accounts were £114,649. There were no political donations.

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

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 Harroddian" 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 two member trustees amongst its trustee board. It also 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.

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.

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

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 22, 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 27 January 1996, 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 Jerman
Secretary
17 April 1996

Registered Office
87-135 Brompton Road
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 27 January 1996 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

17 April 1996

HARRODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 27 JANUARY 1996

	Note	52 weeks ended 27 January 1996 £000	52 weeks ended 28 January 1995 £000
GROSS TURNOVER		461,509	425,407
Value Added Tax		<u>(53,824)</u>	<u>(49,756)</u>
Turnover	1	407,685	375,651
Cost of sales		<u>(249,266)</u>	<u>(229,831)</u>
Gross profit		158,419	145,820
Distribution and store costs		<u>(98,485)</u>	<u>(91,807)</u>
OPERATING PROFIT	2	59,934	54,013
Income from shares in group undertakings		6,000	6,975
Income from participating interests		1,250	200
Other income		311	514
PROFIT BEFORE INTEREST AND TAXATION		<u>67,495</u>	<u>61,702</u>
Interest	3	<u>(3,230)</u>	<u>(7,322)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		64,265	54,380
Taxation	4	<u>(14,832)</u>	<u>(14,727)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		49,433	39,653
Dividends		<u>(39,300)</u>	<u>(44,880)</u>
TRANSFER TO/(FROM) RESERVES		<u>10,133</u>	<u>(5,227)</u>

The above figures all relate to continuing operations.
A statement of movements on reserves is shown in Note 13.

HARRODS LIMITED

	52 weeks ended 27 January 1996 £000	52 weeks ended 28 January 1995 £000
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit on ordinary activities after taxation	49,433	39,653
Unrealised surplus on revaluation of properties	<u>8,421</u>	<u>2,933</u>
Total gains and losses relating to the year	57,854	42,586
Total gains and losses recognised since last financial statements	<u>57,854</u>	<u>42,586</u>
NOTE OF HISTORICAL COST PROFITS AND LOSSES		
Reported profit on ordinary activities before taxation	64,265	54,380
Historical cost profit on ordinary activities before taxation	<u>64,265</u>	<u>54,380</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>10,133</u>	<u>(5,227)</u>
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Total recognised gains	57,854	42,586
Less : Dividends paid	<u>(39,300)</u>	<u>(44,880)</u>
Net additions/(reduction) to shareholders' funds	18,554	(2,294)
Opening shareholders' funds	<u>412,442</u>	<u>414,736</u>
Closing shareholders' funds	<u>430,996</u>	<u>412,442</u>

HARRODS LIMITED

BALANCE SHEET AT 27 JANUARY 1996

	Note	27 January 1996 £000	28 January 1995 £000
FIXED ASSETS			
Tangible assets	6	516,791	460,640
Investments	7	<u>2,250</u>	<u>2,250</u>
		<u>519,041</u>	<u>462,890</u>
CURRENT ASSETS			
Stocks	8	28,510	31,410
Debtors due within one year	9	9,218	11,845
Debtors due after more than one year	9	4,863	2,050
Cash at bank and in hand		<u>10,168</u>	<u>2,667</u>
		52,759	47,972
CREDITORS			
Amounts falling due within one year	10	(140,607)	(97,632)
NET CURRENT LIABILITIES		<u>(87,848)</u>	<u>(49,660)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		431,193	413,230
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	<u>(197)</u>	<u>(788)</u>
		<u>430,996</u>	<u>412,442</u>
CAPITAL AND RESERVES			
Called up share capital	12	19,200	19,200
Revaluation reserve	13	327,175	315,754
Profit and loss account	13	<u>84,621</u>	<u>77,488</u>
TOTAL SHAREHOLDERS' FUNDS		<u>430,996</u>	<u>412,442</u>

Approved by the Board on 17 April 1996



C P de Boer



J G Hawkins

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.

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 FRS 1 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 practise of the Company to maintain its properties in a continual state of repair. Accordingly, in general, 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 value of such properties is charged to the profit and loss account as appropriate.

During the year, the Directors have reviewed the appropriateness of their estimates of the useful economic lives and residual values of the Company's properties. As a result of this review, for certain freehold assets, depreciation is provided over 25 to 50 years.

HARRODS LIMITED

ACCOUNTING POLICIES

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.

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 27 January 1996 £000	52 weeks ended 28 January 1995 £000
1 Turnover arises entirely within the United Kingdom.		
	<u>407,685</u>	<u>375,651</u>
2 Operating profit is stated after charging:		
Depreciation of tangible fixed assets	9,230	7,606
Other amounts written off tangible fixed assets	137	224
Amounts written back in respect of previously written down property	(92)	-
Auditors' remuneration:		
-Audit fees	90	90
-Non audit fees	5	-
Hire of plant and machinery	<u>136</u>	<u>400</u>
3 Interest		
Interest receivable:		
From subsidiary undertakings	132	156
From third parties	<u>78</u>	<u>-</u>
	<u>210</u>	<u>156</u>
Interest payable:		
Loans from the parent undertaking	(3,440)	(7,478)
	<u>(3,440)</u>	<u>(7,478)</u>
	<u>(3,230)</u>	<u>(7,322)</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	52 weeks ended 27 January 1996 £000	52 weeks ended 28 January 1995 £000
4 Taxation		
Taxation based on the profits for the year:		
Corporation tax (at 33%)	(16,332)	(14,177)
Tax Credit on UK dividends received	-	(550)
Release of deferred tax provision	1,500	-
	<u>(14,832)</u>	<u>(14,727)</u>

5 Information regarding Directors and Employees

Emoluments including pension contributions	634	818
Compensation for loss of office	95	55
	<u>729</u>	<u>873</u>
Emoluments of Chairman	-	-
Emoluments of highest paid director	<u>163</u>	<u>154</u>

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

	Number	Number
£0 - £5,000	4	5
£5,001 - £10,000	1	-
£20,001 - £25,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£80,001 - £85,000	-	1
£100,001 - £105,000	1	-
£105,001 - £110,000	-	2
£125,001 - £130,000	2	-
£130,001 - £135,000	-	1
£150,001 - £155,000	1	2
£160,001 - £165,000	1	-
	<u> </u>	<u> </u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Information regarding Directors and Employees (continued)

	52 weeks ended 27 January 1996 £000	52 weeks ended 28 January 1995 £000
Staff costs		
Wages and salaries	58,294	52,018
Social security costs	5,000	4,588
Other pension costs	798	855
	<u>64,092</u>	<u>57,461</u>

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

Employees	3,437	3,362
Temporary Staff	<u>233</u>	<u>242</u>
	<u>3,670</u>	<u>3,604</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 employees who are members of the plan. The regular cost is expressed as a level percentage of 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 independent 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)

5 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 27 January 1996 is as follows :

	52 weeks ended 27 January 1996 £000	52 weeks ended 28 January 1995 £000
Regular cost	2,100	2,055
Variation	(1,302)	(1,200)
Net pension charge	<u>798</u>	<u>855</u>

The pension prepayment is as follows :

Opening balance	1,331	2,186
Contributions paid	1,722	-
Charge to the profit and loss account	(798)	(855)
Closing balance	<u>2,255</u>	<u>1,331</u>

The market value of assets held within the pension plan as at 5 April 1993 was £290.3 million. At this date, the actuarial value was 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.

On 9 February 1994 a new pension scheme was 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 elements of the relevant employees and pensioners as at 5 April 1993 and the appropriate proportion of the surplus transferred into the new scheme. The remaining assets continue to reside within the Harrods Group Pension Plan.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Fixed assets - tangible assets

	Total £000	Freehold Land & Buildings £000	Long Lease- holds £000	Short Lease- holds £000	Fixtures Fittings, Vehicles & Equipment £000
Cost and valuation at 29 January 1995	511,618	413,916	330	1,209	96,163
Additions	57,039	39,176	-	74	17,789
Disposals	(406)	-	-	-	(406)
Group transfers	(4)	-	-	-	(4)
Reclassification	-	783	-	-	(783)
Revaluation	8,421	8,406	15	-	-
Cost and valuation at 27 January 1996	<u>576,668</u>	<u>462,281</u>	<u>345</u>	<u>1,283</u>	<u>112,759</u>
Accumulated depreciation at 29 January 1995	50,978	-	-	510	50,468
Charge for year	9,230	415	-	31	8,784
Disposals	(376)	-	-	-	(376)
Amounts written-off	137	137	-	-	-
Amounts written back	(92)	-	-	(92)	-
Accumulated depreciation at 27 January 1996	<u>59,877</u>	<u>552</u>	<u>-</u>	<u>449</u>	<u>58,876</u>
Net book value at 27 January 1996	<u>516,791</u>	<u>461,729</u>	<u>345</u>	<u>834</u>	<u>53,883</u>
Net book value at 29 January 1995	<u>460,640</u>	<u>413,916</u>	<u>330</u>	<u>699</u>	<u>45,695</u>
Cost and valuation:					
Directors' valuation 1996	451,560	451,215	345	-	-
Cost	<u>125,108</u>	<u>11,066</u>	<u>-</u>	<u>1,283</u>	<u>112,759</u>
	<u>576,668</u>	<u>462,281</u>	<u>345</u>	<u>1,283</u>	<u>112,759</u>

The cost element of freehold land and buildings of £11.1 million represents the cost incurred on unfinished projects at the year end.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Fixed assets - tangible assets (continued)

The majority by value of the freehold and long leasehold properties have been professionally valued as at 27 January 1996 by Healey & Baker, International Real Estate Consultants, on the basis of existing use value in accordance with the Appraisal and Valuation manual of the Royal Institute of Chartered Surveyors, and has been adopted by the Directors. The remainder of the properties have been valued by the directors. These values have been incorporated in the financial statements at 27 January 1996.

Included in the cost of fixed tangible assets is £2,714,892 (net of tax) of capitalised interest (1995: £2,619,682) of which £95,210 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 1995	195,990	98,388	230	1,209	96,163
Depreciation to 29 January 1995	(51,104)	(126)	-	(510)	(50,468)
Net historical cost at 29 January 1995	<u>144,886</u>	<u>98,262</u>	<u>230</u>	<u>699</u>	<u>45,695</u>
Historical cost at 27 January 1996	249,493	135,221	230	1,283	112,759
Depreciation to 27 January 1996	(59,877)	(552)	-	(449)	(58,876)
Net historical cost at 27 January 1996	<u>189,616</u>	<u>134,669</u>	<u>230</u>	<u>834</u>	<u>53,883</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Fixed asset investments

Shares at cost and
net book value: £000

At 27 January 1996
and 29 January 1995 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	International retailer & wholesaler
Harrods (Continental) Limited	England	Shipping & freight agency
Harrods Estates	England	Real estate agency
Harrods Group Trustees Limited (formerly Harrodian Trustees Limited)	England	Dormant
Harrods (Management) Limited	England	Dormant
Wylie and Company Limited	England	Dormant
Harrods Publishing Limited	England	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.

On 6 February 1996, the entire share capital of Harrods Group Trustees Limited (formerly Harrodian Trustees Limited), was transferred to Harrods Holdings plc.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Fixed asset investments (continued)

On 21 February 1996 the Company acquired an additional 313,913 £1 Ordinary shares at par in Harrods Estates in consideration for the cancellation of the intercompany balance of £313,913 held with Harrods Estates.

	27 January 1996 £000	28 January 1995 £000
8 Stocks		

Finished goods and goods for resale	<u>28,510</u>	<u>31,410</u>
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There was no significant difference between the replacement cost of stocks at 27 January 1996 and the amount at which they are stated in the financial statements.

9 Debtors

Amounts due within one year:

Trade debtors	5,190	4,858
Amounts owed by subsidiary undertakings	903	3,642
Amounts owed by parent undertaking	-	151
Amounts owed by fellow subsidiary undertakings	81	93
Other debtors	1,982	2,238
Prepayments and accrued income	1,062	863
	<u>9,218</u>	<u>11,845</u>

Amounts due after more than one year:

Pension contributions prepaid	2,255	1,331
ACT recoverable	2,608	719
	<u>4,863</u>	<u>2,050</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	27 January 1996 £000	28 January 1995 £000
10 Creditors		
Amounts falling due within one year:		
Trade creditors	26,140	26,740
Amounts owing to parent undertakings	81,771	30,717
Amounts owing to subsidiary undertakings	212	144
Amounts owing to fellow subsidiary undertakings	2,279	1,731
Other creditors	3,817	3,582
Other taxation and social security	14,028	25,330
Accruals and deferred income	12,360	9,388
	<u>140,607</u>	<u>97,632</u>

11 Deferred taxation

Provided in full in respect of capital allowances:

Balance at 29 January 1995 (before ACT set-off)	2,000	2,000
Credit for the year	<u>(1,500)</u>	<u>-</u>
	500	2,000
ACT set-off	(303)	(1,212)
Balance at 27 January 1996	<u>197</u>	<u>788</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Deferred taxation (continued)

27 January	28 January
1996	1995
£000	£000

In addition to the amount provided for deferred taxation there are potential liabilities in respect of deferred taxation in relation to:

Capital allowances	2,500	-
Revaluation of properties	54,054	53,327
Corporation tax on capital gains	5,474	5,474
	<u>62,028</u>	<u>58,801</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 27 January 1996 as a tax liability will not crystallize as a result of any timing difference.

12 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)

13 Reserves

	Revaluation reserve £000	Profit & loss account £000	Total £000
Balance at 29 January 1995	315,754	77,488	393,242
Transfer to reserves	-	10,133	10,133
Revaluation surplus	8,421	-	8,421
Transfer of previous revaluation deficit realised in the year	3,000	(3,000)	-
Balance at 27 January 1996	<u>327,175</u>	<u>84,621</u>	<u>411,796</u>

14 Capital commitments

	27 January 1996 £000	28 January 1995 £000
Contracted for but not provided	19,537	-
Authorised but not contracted for	<u>2,873</u>	<u>17,921</u>

15 Contingent liabilities

The Harrods Investments plc Group has a loan facility agreement of £225 million under which Harrods Limited and other Group companies are guarantors. 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.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	27 January 1996 £	28 January 1995 £
16 Obligations under operating leases which expire:		
within one year	55,080	31,418
between one and five years	63,205	79,488
after five years	18,061	-
	<u>136,346</u>	<u>110,906</u>

17 Parent undertakings

The Company's immediate parent undertaking is Harrods Holdings plc, a company registered in England. The immediate parent undertaking of Harrods Holdings plc is Harrods Investments plc, a company registered in England, 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 LP, a partnership based in Bermuda (formerly Alfayed Investment and Trust PVT Limited, a company incorporated in Bermuda). All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family.