

PARROTS LIMITED

A C C O U N T S

FOR THE 52 WEEKS ENDED

25TH JANUARY 1975

HARRODS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report and Accounts for the 52 weeks ended 25th January 1975 to be submitted to the Eighty-fifth Annual General Meeting of the Members.

DIRECTORS:

Sir Hugh Fraser, Bt., (Chairman)
The Rt. Hon. Lord Redmayne, P.C., D.S.O., (Deputy Chairman)
R. Midgley (Managing Director)
D.C. Mair (Managing Director, Harrods (Provincial) Ltd.)
D.J. Bowyer
G. Mck Brown
R.J. Cannon
W.A. Craddock
W.G. Crossan
D.K. Milligan, C.A., (Secretary)
A.I. Moffat
G. Wontner-Smith

RESULTS AND DIVIDENDS

The results for the 52 weeks are as shown in the annexed Profit and Loss Account from which it will be seen that the profit available for appropriation amounts to 26,882,403

to which the Directors have appropriated transfers from

	£	
Capital Reserve	24,601	
Pensions Reserve	169,445	194,046
		7,076,449

and from which they have written off the cost of shares in a Subsidiary Company

Paid Interim Dividends of	51,220	
	5,570,402	5,621,622
Leaving a balance which the Directors recommend should be carried forward to next year, of		£1,454,827

PRINCIPAL ACTIVITY

The Company's principal activity continues to be the operation of department stores.

DIRECTORS' INTERESTS

The interests of Directors who were not also Directors of the holding company (House of Fraser Limited) in House of Fraser Limited were:

Director	Class of Stock	25th January 1975	26th January 1974
D.J. Bowyer	Ordinary Stock units of 25p each	500	-
W.A. Craddock	" " " "	200	200
G. Wontner-Smith	" " " "	500	500

EMPLOYEES

The average number of the Company's employees who were employed 21 hours a week or more was 10,311 (1974: 10,364) and their aggregate remuneration was £16,649,000 (1974: £13,655,000). A substantial number of part-timers was employed for less than 21 hours a week.

FIXED ASSETS

Details of the movements in Fixed Assets are shown in the Notes on the Accounts.

REPORT OF THE DIRECTORS (CONT'D.)

MARKET VALUE OF PROPERTIES

The Directors are of the opinion that the market value, assessed on the basis set out in the statement of Accounting Policies in Note 1 on the Accounts, is not less than their book value.

EXPORTS

The amount of identifiable exports included in the turnover was £3,107,805 (1974: £2 310,932). Total export sales are estimated to be very considerably in excess of that figure.

SUBSCRIPTIONS

Political and Charitable subscriptions charged in these Accounts were:-

Charitable	£2,588
Political	N I L

AUDITORS

Messrs. Hays Allan and Touche Ross and Co, Joint Auditors, have indicated their willingness to continue in office.

BY ORDER OF THE BOARD,

1 D.K. MILLIGAN
Secretary

Registered Office:

87/135 Brompton Road,
London, SW1X 7XL.

21st March 1975.

We certify that there is annexed hereto a true copy of every balance sheet laid before the Company in General Meeting during the period to which this return relates (including every document required by law to be annexed to the balance sheet) and a true copy of the report of the Auditors on and of the report of the Directors accompanying each such balance sheet

R. MIDDLEY Director

D.K. MILLIGAN Secretary

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 25TH JANUARY 1975

	Notes	1975 £	1974 £
Total Turnover	1	127,084,532	106,327,763
Less: Value Added Tax		<u>9,185,880</u>	<u>7,086,043</u>
Turnover (excluding Value Added Tax)		<u>£117,898,652</u>	<u>£99,239,720</u>
Trading Profit		13,067,408	13,475,368
Rents Receivable		239,492	238,335
Interest Receivable		135	78,770
Dividends from Subsidiary Companies		<u>150,565</u>	<u>98,295</u>
		<u>13,457,600</u>	<u>13,890,768</u>
Auditors' Fees and Expenses		37,300	29,100
Directors Remuneration	2	110,192	93,493
Interest Payable			
Long Term Loans		144,340	146,397
Short Term Loans and Other Interest		924,630	-
Depreciation			
Short Leases		5,983	6,257
Furniture, Fixtures, Fittings, Plant and Motor Vehicles		726,077	661,945
Provision for Plant and Machinery Replacements		<u>343,111</u>	<u>153,618</u>
		<u>2,291,633</u>	<u>1,090,810</u>
Profit before taxation and extraordinary items		11,165,967	12,799,958
Taxation	3	<u>5,500,215</u>	<u>5,991,319</u>
Profit before extraordinary items		5,665,752	6,808,639
Extraordinary items, less tax	4	<u>10,979</u>	<u>-</u>
Profit after extraordinary items		5,676,731	6,808,639
Amounts written off cost of Shares in Subsidiary Company		<u>-(51,220)</u>	<u>-</u>
		<u>5,625,511</u>	<u>6,808,639</u>
Dividends:			
First Interim		(70,402)	(68,807)
Second Interim		<u>(3,500,000)</u>	<u>(6,400,000)</u>
		<u>(3,570,402)</u>	<u>(6,468,807)</u>
Retained Profit for Period		55,109	339,832
Balance brought forward from previous period		1,205,672	865,840
Transfers from Capital Reserve	24,601		-
Staff Pension Fund Reserve	<u>169,445</u>	<u>194,046</u>	<u>-</u>
Balance carried to Balance Sheet		<u>£1,454,827</u>	<u>£1,205,672</u>

The Notes on pages 6 to 11 form an integral part of these Accounts.

8.

HARRODS LIMITED

BALANCE SHEET AS AT 25TH JANUARY 1975

	<u>Notes</u>	<u>1975</u> £	<u>1974</u> £
<u>FUNDS EMPLOYED</u>			
<u>SHARE CAPITAL</u>			
<u>Authorised</u>			
Ordinary Stock		£8,000,000	£8,000,000
<u>Issued</u>			
Ordinary Stock		8,000,000	8,000,000
<u>RESERVES</u>	5		
Share Premium		1,065,872	1,065,872
Capital		56,485,246	56,489,847
General		911,240	911,240
Staff Pension Fund		-	169,444
		58,442,358	58,636,403
<u>PROFIT AND LOSS ACCOUNT</u>			
Balance undistributed		1,454,827	1,205,672
<u>SHAREHOLDERS' FUNDS</u>		67,897,185	67,842,075
<u>DEFERRED TAXATION</u>	6	135,625	-
<u>LOAN CAPITAL</u>	7	2,500,000	2,550,000
		£70,532,810	£70,392,075

The Notes on pages 6 to 11 form an integral part of these Accounts.

HARRODS LIMITED

BALANCE SHEET AS AT 25TH JANUARY 1975 (CONT'D.)

	Notes	1975 £	1974 £
<u>EMPLOYMENT OF FUNDS</u>			
<u>FIXED ASSETS</u>			
	8		
Freehold Properties		45,888,445	45,876,403
Leasehold Properties - Long Term		5,140,013	5,170,791
- Short Term		150,891	156,874
Furniture, Fixtures, Fittings, Plant and Motor Vehicles		<u>5,094,096</u>	<u>4,429,481</u>
		<u>50,273,445</u>	<u>55,633,549</u>
<u>INVESTMENTS</u>			
Group Companies	9	<u>3,600,222</u>	<u>3,702,313</u>
<u>CURRENT ASSETS</u>			
Stock in Trade	1	13,500,117	12,542,407
Customers' Accounts		11,600,778	9,032,523
Hire Purchase Accounts, less Provisions		832,775	1,194,923
Sundry Debtors, Payments in Advance and Income Accrued		2,143,724	1,798,512
Cash at Bankers, on Hand and at Call		<u>521,175</u>	<u>423,279</u>
		<u>28,398,569</u>	<u>24,986,644</u>
<u>CURRENT LIABILITIES</u>			
Bank Overdrafts		507,654	112,600
Suppliers' Accounts, Charges Accrued and Sundry Creditors		10,180,997	7,517,831
Taxation	10	<u>7,250,775</u>	<u>8,300,000</u>
		<u>17,939,426</u>	<u>15,930,431</u>
<u>NET CURRENT ASSETS</u>			
		<u>10,659,143</u>	<u>9,056,213</u>
		<u>£70,532,810</u>	<u>£70,392,075</u>

HUGH FRASER

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DIRECTORS

R. MIDGLEY

NOTES ON THE ACCOUNTS
FOR THE 52 WEEKS ENDED 25TH JANUARY 1975

1. ACCOUNTING POLICIES

Turnover

Turnover is the amount receivable for goods and services supplied to customers, and includes the sales of leased departments and credit services and commission charges. Profit on Hire Purchase sales is taken into income to the extent earned during the year.

Stock in Trade

Stock in departments controlled at cost is stated at the lower of cost or realisable value less the appropriate trading margin. In departments controlled at Selling price, stock is stated at anticipated selling price less the appropriate trading margin.

Properties

Property holdings are shown at a valuation made in 1972 or at cost. The values are assessed on the basis of existing use and no value is placed on goodwill nor on fixtures and fittings other than those generally designated Landlords' fixtures and fittings. Leaseholds with over five hundred years to run and with infrequent or no rent reviews are classed as Freeholds. Short Leaseholds are shown at historical book values, less amortisation.

Depreciation

It is not Group policy to provide for amortisation of Freehold or Long Leasehold Properties as past experience has shown that current values are normally in excess of earlier valuations. Short Leaseholds and other Fixed Assets are written off by equal instalments over the estimated life of each class of asset.

Corporation Tax

Corporation Tax is provided on the assessable profits of the Company at the appropriate rate. No adjustment is made where the capital allowances available are in excess of the corresponding charges for depreciation and other amounts written off. The Directors are awaiting a definitive Statement of Standard Accounting Practice before reviewing the present policy. However, it has been decided to give effect to the Stock Relief provisions in the Finance Act 1975 by treating the amount of the taxation relief on increased stock values as a postponement of tax liability and showing it as Deferred Taxation in the Balance Sheet. The provisions of the Finance Act 1975 relate to accounting periods ending in the year to 31st March 1974 only. The Government has expressed its intention to give relief for periods ending after that date although the form in which the relief will be given is not yet known. In these circumstances transfers to Deferred Taxation have been made based on the increases in Stock values during the period ended 26th January 1974 and 25th January 1975 on the assumption that relief for periods after 31st March 1974 will be calculated on a similar basis to that provided in the Finance Act 1975.

Reserves and Provisions

In accordance with current accounting practice Gains or Losses on Properties and Investments realised are entered in the Profit and Loss Account as Extraordinary Items, less any estimated tax liabilities attributable thereto. Any subsequent adjustment to the tax provisions is similarly treated. An amount equivalent to the net adjustment of such Gains or Losses will then be appropriated to Capital Reserve as it is the Company's practice to deal with such items through Capital Reserve.

1. ACCOUNTING POLICIES (CONT'D.)

Reserves and Provisions (Cont'd.)

Surpluses arising on Revaluation of Properties are credited to Capital Reserve, but no provision is made for any potential tax liability on Capital Gains which could arise, as the amount is dependent on the circumstances at the time of the disposal of any particular property.

Pensions

Retirement benefits are provided for employees of the Company by Approved Contributory Occupational Pension Funds administered by Harroddian Trustees Limited. These funds are reviewed actuarially at intervals not exceeding four years and contributions by the Company and its employees determined in accordance with the recommendations of the Actuary. The Rules of the Funds preclude investment by the Trustees in the Company. All contributions by the Company are charged in arriving at Trading Profits.

2. DIRECTORS' REMUNERATION

	<u>1975</u>	<u>1974</u>
	£	£
Fees	12,000	12,000
Other emoluments including pension contributions	96,817	78,743
Pensions to former Directors	<u>1,375</u>	<u>2,750</u>
	<u>£110,192</u>	<u>£93,493</u>
Chairman's emoluments	£1,000	£1,000
Highest paid Director	£16,038	£12,508
All Directors		
NIL to £2,500	6	6
£2,501 to £5,000	-	-
£5,001 to £7,500	-	-
£7,501 to £10,000	-	1
£10,001 to £12,500	3	4
£12,501 to £15,000	2	1
£15,001 to £17,500	1	-
Senior Employees in the U.K.		
£10,001 to £12,500	4	4
£12,501 to £15,000	3	1

3. TAXATION

The Taxation charge comprises:

	<u>1975</u>	<u>1974</u>
	£	£
Corporation Tax on Profits	5,332,277	5,961,831
Tax Credit for Franked Investment Income	34,676	29,488
Group Relief - payment to Fellow Subsidiaries of amount equivalent to Corporation Tax on surrendered losses	122,740	-
Adjustment of Provisions for earlier periods including transfer to Deferred Taxation due to change in tax rate	<u>10,522</u>	<u>-</u>
	<u>£5,500,215</u>	<u>£5,991,319</u>

Corporation Tax on Profits has been calculated at the rate of 52%.

NOTES ON THE ACCOUNTS (CONT'D.)
FOR THE 52 WEEKS ENDED 25TH JANUARY 1975

3. TAXATION (CONT'D.)

The charge for the current period is diminished to the extent of £337,500 through the application of capital allowances in excess of the corresponding charges for depreciation and other amounts written off assets held at 25th January 1975.

The cumulative excess for the accounting periods up to 25th January 1975 is estimated to be £2,536,800 and represents Corporation Tax at 52% on the amount by which the book value of Furniture, Fixtures, Fittings, Plant and Motor Vehicles exceeds the tax written down values of such assets.

4. EXTRAORDINARY ITEMS

	<u>1975</u>	<u>1974</u>
	£	
Gain on sale of Properties	£10,979	-
	<u> </u>	<u> </u>

The above is stated net of related taxation.

5. RESERVES

(a) Share Premium

	<u>1975</u>
	£
Balance at 26th January 1974 and 25th January 1975	£1,065,872

(b) Capital

Balance at 26th January 1974	56,489,847
Transfer to Profit and Loss Account	(24,601)
Balance at 25th January 1975	£56,465,246

(c) General

Balance at 26th January 1974 and 25th January 1975	£811,240
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(d) Store Maintenance

Balance at 26th January 1974	1,248,320
Transfer to Provision for Replacement of Landlords' Plant and Machinery	(1,248,320)

(e) Staff Pension Fund

Balance at 26th January 1974	69,444
Transfer to Profit and Loss Account	(169,444)

(f) Provision for Replacement of Landlords' Plant and Machinery

Balance at 26th January 1974	211,262
Transfer from Store Maintenance Reserve	1,248,320
Transfer from Profit and Loss Account	343,111
Expenditure applied during period	(121,833)

Carried forward

1,680,860

NOTES ON THE ACCOUNTS (CONT'D.)
FOR THE 52 WEEKS ENDED 25TH JANUARY 1975

5. RESERVES (CONT'D.)

	<u>1975</u>
	<u>£</u>
(f) <u>Provision for Replacement of Landlords' Plant and Machinery (Cont'd.)</u>	
Brought forward	1,680,860
Deucted from:	
Freehold Properties	(290,470)
Long Leasehold Properties	<u>(1,390,390)</u>
	<u>(1,680,860)</u>

6. DEFERRED TAXATION

Transferred from Current Taxation	262,845
Transfer from Profit and Loss Account	<u>(127,220)</u>
Balance at 25th January 1975	<u>2135,625</u>

This provision is in respect of the relief due on the net increase in stock values during the two periods ended 25th January 1975 as stated in Note 1.

7. LOAN CAPITAL

	<u>1975</u>	<u>1974</u>
<u>Secured</u>		
Mortgage at 5 $\frac{3}{4}$ %		
(Annual repayments of £50,000		
until 1990 when balance is repayable)	<u>£2,500,000</u>	<u>£2,550,000</u>

8. FIXED ASSETS

(a) Freehold Properties

	<u>1975</u>
	<u>£</u>
Net Book Value at 26th January 1974	46,087,665
Expenditure during period	111,250
Book Value of disposals	<u>(20,000)</u>
Net Book Value at 25th January 1975	46,178,915
Provision for replacement of Landlords' Plant and Machinery	<u>(290,470)</u>
Per Balance Sheet	£45,888,445
of which stated at:	
1972 Valuation	
Cost	45,973,500
Provision for replacement of Landlords' Plant and Machinery	205,415
	<u>(290,470)</u>

(b) Long Leaseholds

Net Book Value at 26th January 1974	6,419,110
Expenditure during period	134,293
Book Value of disposals	<u>(23,000)</u>
Net Book Value at 25th January 1975	6,530,403
Provision for replacement of Landlords' Plant and Machinery	<u>(1,390,390)</u>
Per Balance Sheet	<u>£5,140,013</u>

NOTES ON THE ACCOUNTS (CONT'D.)
FOR THE 52 WEEKS ENDED 25TH JANUARY 1975

8. FIXED ASSETS (CONT'D.)

(b) Long Leaseholds (Cont'd.)

1975

of which stated at:

1972 Valuation
Cost

6,370,000

Provision for replacement of Landlords'
Plant and Machinery

160,403

(1,390,390)

(c) Short Leaseholds

Net Book Value at 26th January 1974

156,874

Depreciation charged during period

(5,988)

Net Book Value at 25th January 1975

£150,886

of which stated at:

1967 Valuation (book value at that date)

137,550

Directors' Valuation

1,352

Cost

42,019

Accumulated Depreciation

(30,030)

(d) Furniture, Fixtures, Fittings, Plant
and Motor Vehicles

Net Book Value at 23th January 1974

4,429,481

Expenditure during period

1,445,299

Book Value of disposals

(54,607)

Depreciation charged during period

(726,077)

Net Book Value at 25th January 1975

£5,094,096

of which stated at:

1967 Valuation (book value at that date)

1,528,799

Directors' Valuation

187,209

Cost

7,107,607

Accumulated Depreciation

(3,729,519)

9. GROUP COMPANIES

Shares in Subsidiaries at cost less
Capital distributions received and
amounts written off
Inter-Group indebtedness

1975

£

1974

£

407,396

458,615

3,192,826

5,243,698

£3,600,222

£5,702,313

The Company has the following wholly-owned Subsidiary Companies:

Name

Country of Registration

Wylie and Company Limited

England

Harrods Estate Offices

"

Harrods (Insurance) Limited

"

Harrods (Knightsbridge) Limited

"

Anne Gerrard Limited

"

Nora Bradley (London) Limited

"

Group Accounts are not required as the Company is a wholly-owned subsidiary of a company incorporated in Great Britain. In the opinion of the Directors the value of the Company's investments in its subsidiaries is not less than the amount at which they are stated in the Balance Sheet.