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HARRODS LIMITED

FINANCIAL STATEMENTS

**For the Period ended
30 JANUARY 2010**

Company no 30209

HARRODS LIMITED
FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

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The directors present their report together with the audited consolidated financial statements of Harrods Limited and its subsidiary companies ("the group") for period ended 30 January 2010

Principal activities

The group operates Harrods, the world-renowned store in Knightsbridge, London. Since the store first opened its doors in 1849, Harrods has always prided itself on a reputation for service excellence and for offering the finest quality merchandise. London's - and England's - largest department store, Harrods remains the finest, most exciting and fulfilling place to shop.

Other group activities include concessions at London's Heathrow and Gatwick airports, export of Harrods branded merchandise to overseas department stores and airport terminals, and direct sales via the internet at Harrods.com and through catalogues. The group also operates in the real estate business through Harrods Estates Limited.

Results of ordinary activities before exceptional items

During the period ended 30 January 2010, turnover reached £519.8 million (2009 £464.0 million), up by 12% compared to the prior period.

A number of factors have contributed to the sales growth including the continuation of a significant investment programme – even during the economic down turn – the success of the Knightsbridge store's customer loyalty programme, the introduction of new brands and boutiques, a commitment to continue to invest in exciting merchandise and a constant focus on customer service.

Group capital expenditure on fixtures, fittings and equipment in the period totalled £35.6 million (2009 £24.0 million). As in prior years, in addition to this sum Harrods benefited from the value of the very significant spend on shop fittings invested by partner brands.

Significant investment was made both into new shopfits and into upgrading the Knightsbridge store's infrastructure. During 2009 the refurbishment of the menswear department was completed, transforming significant parts of the lower ground and ground floors. Additionally, two new restaurants were opened and there were further refurbishments and new boutique openings across all departments. At Heathrow airport, a new Harrods shop and boutique was opened in Terminal 4.

The cost of the terracotta restoration project in 2009, to maintain and restore the iconic terracotta façades of the Knightsbridge store, has been included as an exceptional cost.

A similar level of capital investment is planned for 2010.

Profit on ordinary activities before exceptional items and tax totalled £77.7 million (2009 £56.2 million). Much of the credit for this strong performance must lie with the teams, both within the Group and outside it, who have continued to work hard to deliver fine products and excellent service to our customers throughout this period.

Principal business risks and uncertainties

The major business risks and uncertainties for the Harrods business relate to

- (i) Adverse economic conditions and other major events outside Harrods' control
- (ii) Damage or interruption due to natural disaster, war and terrorist activity
- (iii) Damage, loss or interruption of information systems
- (iv) The cost of funding pension scheme liabilities
- (v) Adverse movements in the euro and US dollar exchange rates

These risks are monitored regularly by the Directors and plans have been put in place to mitigate them as efficiently as possible. Cash and liquidity levels are actively reviewed. Disaster recovery plans have been drawn up. Significant investment has been incurred – and more is planned – for further improving the Store's security and disaster recovery infrastructure. Foreign currency requirements are estimated in advance and forward positions entered into to up to one year in advance with the aim of providing predictable exchange rates for future decision making. In addition the group works with its internal audit function and with its insurers to identify and mitigate or remedy operational risks on an on-going basis.

Credit risk

The group's principal credit risk relates to the recovery of trade debtors, although it is not considered significant due to the nature of the business which is primarily a retail business with purchases settled at the time of the transaction.

Amounts owing from credit card companies represent more than half the group's trade debtors. However, the directors consider credit risk to be limited due to the terms of contract the group has with the credit card companies.

In order to manage credit risk relating to other trade debtors, subsidiary credit controllers and Directors review the aged debtors and collection history on a regular basis and take follow up action where required.

The group also has a significant loan to a related party, Harrods Property Limited, amounting to £286.4m (2009 £295.0m). This loan has been assessed by the directors and has been considered ultimately recoverable (note 26).

Currency risk

The group is exposed to foreign exchange risk on overseas purchasing.

Approximately 11.3% of the group's purchases are contracted in a foreign currency. Transaction exposures are hedged partially using forward currency contracts or currency options, up to one year in advance. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting in these financial statements.

Finally, the group accepts foreign currency in the Knightsbridge store and airport outlets and retains this currency to settle foreign currency obligations.

Interest rate risk

The group finances its operations principally through retained earnings as the group no longer has any significant external borrowings. Excess cash balances are placed on deposit to earn higher rates of interest.

Future developments and going concern

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Profit for the financial period and the dividend

The profit for the period after taxation amounted to £53.7m (2009 £27.4m). The directors paid a dividend of £14.1m in respect of the period (2009 £nil).

Directors

The present membership of the Board is set out below. All served on the Board throughout the period unless otherwise noted.

M Al Fayed (resigned 07 05 2010)

A Fayed (resigned 07 05 2010)

O Fayed (resigned 03 03 2009, reappointed 09 04 2010, resigned 07 05 2010)

R L Assanand

J Byrne

J P Healy

M G McKee

D R Parker

B Smith

A Tanna (resigned 07 05 2010)

M Ward

His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani (appointed 07 05 2010)

H Al-Abdulla (appointed 07 05 2010)

K Al-Kuwari (appointed 07 05 2010)

A M Al-Sayed (appointed 07 05 2010)

Except as disclosed in note 26, no director has had a material interest, directly or indirectly, at any time during the period, in any contract significant to the business of the group or the company.

Employee involvement

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

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

Disabled persons

It is the policy of the group 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

Charitable and political donations

The charitable donations made by the group and charged in the financial statements were £0.1m (2009 £0.1m). Charitable donations on behalf of Harrods group companies are in the main made by Harrods Holdings Limited, an indirect parent company of Harrods Limited. In the year ending 30 January 2010, Harrods Holdings Limited made charitable donations of £0.9m (2009 £0.8m). In addition, during the period the group supported various charities by hosting fundraising events within the Harrods store in Knightsbridge. There were no political donations.

Payment of creditors

It is the group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the group's policy is to pay suppliers within 30 days after the end of the month of receipt of goods or services.

The group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. At period end the number of days payable outstanding was 41 days (2009 46 days).

Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of directors' responsibilities (continued)

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

BY ORDER OF THE BOARD



S Dean FCIS
Secretary

28 July 2010

Registered Office
87 - 135 Brompton Road
Knightsbridge
London, SW1X 7XL

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HARRODS LIMITED

We have audited the financial statements of Harrods Limited for the period ended 30 January 2010 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the group statement of total recognised gains and losses, the note of historical cost profits and losses and notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 auditors' 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 the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 January 2010 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

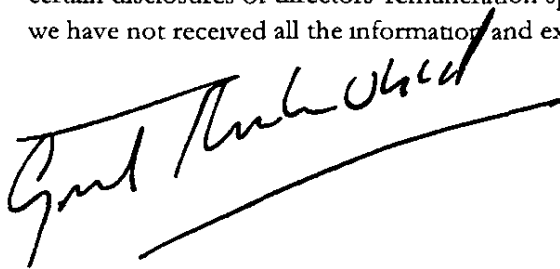
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE AUDITOR TO THE MEMBERS OF HARRODS 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Simon Lowe
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

28/7/ 2010

Basis of Preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of the group's properties and comply with applicable United Kingdom accounting standards

The principal accounting policies of the group have remained unchanged from the previous period and are set out below

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiary undertakings

Harrods Bank Limited, a company registered in England and Wales, has been accounted for as an unlisted investment, due to its having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through non-voting shares

Turnover

Turnover is the total amount receivable by the group for goods and services provided, excluding VAT, trade discounts and concession sales

When a transaction involves a number of goods and services, these are separately identified and income is recognised when earned

Concession sales

In calculating turnover a distinction is made between transactions where the seller is deemed to act as principal and those where it is agent. Where concessionaires sell their goods through the group's retail operations, the group is considered to act as an agent. Accordingly, only commission and other income receivable from the concessionaires is presented within turnover

Estimated sales returns

Turnover excludes the sales value of estimated returns. The group has recognised a provision for estimated refunds, representing an estimate of the value of the goods sold during the year which will be returned and refunded after the year end date

Fixed asset investments

The group and the company account for their fixed asset investments at the lower of cost or directors' valuation less any provision required for permanent diminution in value

Tangible Fixed Assets and Depreciation

Freehold properties are stated at professional or director's valuations less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation. All additions thereafter are accounted for at cost. The carrying values are retained subject to the requirement to test assets for impairment in accordance with FRS 11. Fit out expenditure is stated net of supplier and concession contributions where relevant

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are

Tangible Fixed Assets and Depreciation (continued)

Land	Not depreciated
Certain freehold and long leasehold properties	35 – 50 years
Short leasehold property	Remaining period of lease
Fixtures and fittings	3 - 20 years
Vehicles and equipment	4 - 7 years

Fixed asset investments

The group accounts for its fixed asset investments at the lower of cost or directors' valuation less any provision required for permanent diminution in value

Leased assets

Rentals payable under operating leases are charged on a systematic basis to the profit and loss account over the lease term

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value using weighted average cost

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group 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

Deferred tax relating to defined benefit pension scheme surpluses or deficits is netted against the respective retirement benefit surplus or obligation

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or at contracted forward rates. Transactions in foreign currency are translated at exchange rates ruling at the transaction date or at contracted forward rates. Realised gains and losses are dealt with in the profit and loss account

Retirement benefit obligations

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 group and company employees are members of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the group. Payment is made to the pension trust, which is separate from the group, 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 recognized only to the extent that it is recoverable by the company/group. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial returns on the pension fund, all reflected in the period to which they relate. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are recorded through the statement of recognised gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS17 in note 24 to the accounts.

HARRODS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 JANUARY 2010

	Note	52 weeks ended 30 January 2010			52 weeks ended 31 January 2009		
		Ordinary activities before except- ional items £m	Except- ional items £m	Total £m	Ordinary activities before except- ional items £m	Except- ional items £m	Total £m
Turnover	1	519 8	-	519 8	464 0	-	464 0
Cost of sales		(221 5)	-	(221 5)	(202 8)	-	(202 8)
Gross profit		298 3	-	298 3	261 2	-	261 2
Distribution and store costs		(223 0)	(1 2)	(224 2)	(207 4)	(4 0)	(211 4)
Administrative expense		(15 9)	-	(15 9)	(19 1)	-	(19 1)
Other income		11 2	-	11 2	9 4	-	9 4
Operating profit	2	70 6	(1 2)	69 4	44 1	(4 0)	40 1
Loss on disposal of fixed assets	3	-	(0 3)	(0 3)	-	(1 9)	(1 9)
Income from other fixed asset investments		-	-	-	0 3	-	0 3
Profit on ordinary activities before interest		70 6	(1 5)	69 1	44 4	(5 9)	38 5
Net interest	4	7 1	-	7 1	11 8	-	11 8
Profit on ordinary activities before taxation		77 7	(1 5)	76 2	56 2	(5 9)	50 3
Tax on profit on ordinary activities	6	(22.8)	0 3	(22.5)	(24 3)	1 4	(22 9)
Profit on ordinary activities after taxation	17, 18	<u>54 9</u>	<u>(1 2)</u>	<u>53.7</u>	<u>31 9</u>	<u>(4 5)</u>	<u>27 4</u>

All transactions arise from continuing operations

The accompanying accounting policies and notes form an integral part of these financial statements

HARRODS LIMITED
BALANCE SHEETS

		Consolidated		Company	
		At 30	At 31	At 30	At 31
	Note	January	January	January	January
		2010	2009	2010	2009
		£m	£m	£m	£m
Fixed assets					
Tangible assets	9	90.6	71.5	82.7	66.0
Investments	10	7.7	7.7	13.6	13.6
		<u>98.3</u>	<u>79.2</u>	<u>96.3</u>	<u>79.6</u>
Non-current assets					
Debtors due after one year	12	406.2	415.3	406.7	415.8
Current assets					
Stocks	11	61.8	50.1	55.6	43.2
Debtors	12	27.7	30.2	27.7	32.2
Cash at bank and in hand		92.4	74.1	90.6	69.3
		<u>181.9</u>	<u>154.4</u>	<u>173.9</u>	<u>144.7</u>
Creditors: amounts falling due within one year	13	<u>(150.7)</u>	<u>(137.2)</u>	<u>(145.4)</u>	<u>(132.8)</u>
Net current assets		<u>31.2</u>	<u>17.2</u>	<u>28.5</u>	<u>11.9</u>
Total assets less current liabilities		<u>535.7</u>	<u>511.7</u>	<u>531.5</u>	<u>507.3</u>
Creditors: amounts falling due after more than one year	14	(16.2)	(12.2)	(27.1)	(23.2)
Provisions for liabilities	15	(3.9)	(6.5)	(3.6)	(6.4)
Retirement benefit obligations	24	<u>(17.1)</u>	<u>(14.0)</u>	<u>(17.0)</u>	<u>(14.1)</u>
		<u>498.5</u>	<u>479.0</u>	<u>483.8</u>	<u>463.6</u>
Capital and reserves					
Called up share capital	16	19.2	19.2	19.2	19.2
Revaluation reserve	17	0.4	0.4	0.4	0.4
Profit and loss account	17	478.9	459.4	464.2	444.0
Shareholders' funds	18	<u>498.5</u>	<u>479.0</u>	<u>483.8</u>	<u>463.6</u>

The financial statements were approved by the Board of Directors on **28** July 2010


B Smith - Director

Company registration no 30209

The accompanying accounting policies and notes form an integral part of these financial statements

HARRODS LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 JANUARY 2010

		52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
	Note		
Net cash inflow from operating activities before payments toward retirement benefit obligations	19	71.6	60.9
Payment towards retirement benefit obligations	24	(25.3)	(0.4)
Net cash inflow from operating activities		46.3	60.5
Returns on investments and servicing of finance			
Interest received		9.0	10.0
Interest paid		(0.2)	-
Dividends received from fixed asset investments		-	0.3
Net cash inflow from returns on investments and servicing of finance		8.8	10.3
Taxation paid		(17.0)	(14.3)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(22.7)	(24.4)
Movement in loans with group undertakings and related parties		17.0	(14.1)
Net cash outflow from capital expenditure and financial investment		(5.7)	(38.5)
Equity dividends paid		(14.1)	-
Financing			
Proceeds from borrowings		(0.6)	1.8
Net cash (outflow)/inflow from financing	20,21	(0.6)	1.8
Increase in cash	20,21	17.7	19.8

The accompanying accounting policies and notes form an integral part of these financial statements

For the period ended 30 JANUARY 2010

Group Statement of Total Recognised Gains and Losses

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Profit for the financial period	53.7	27.4
Actuarial loss on pension scheme	(27.9)	(21.9)
Deferred tax movement on actuarial gains and losses on pension scheme	7.8	5.9
Total recognised gains and losses for the period	33.6	11.4

Group Note of historical cost profits and losses

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Profit on ordinary activities before taxation	76.2	50.3
Historical cost profit on ordinary activities before taxation	76.2	50.3
Historical cost profit retained/transferred to reserves	39.6	27.4

The accompanying accounting policies and notes form an integral part of these financial statements

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

1 Turnover and segmental analysis

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and concession sales, and arises principally from retailing activities

Turnover by destination and origin are not materially different as follows

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Geographical analysis		
United Kingdom	515.5	458.8
Japan	2.5	3.6
Rest of Europe	0.2	0.2
Other	1.6	1.4
	<u>519.8</u>	<u>464.0</u>

All costs are incurred in the United Kingdom and all operating assets are held in the United Kingdom

2 Operating profit

The profit on ordinary activities before taxation is stated after

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Depreciation on tangible fixed assets	15.9	14.0
Rentals paid under operating leases		
Property - rent payable to a related party (note 26)	43.2	41.4
Property - other	0.2	0.2
Plant and machinery	0.6	0.6
Exceptional cost of repairs to historic terracotta façade	1.2	2.5
Exceptional onerous lease provision (note 15)	-	1.5
Royalty (income)	<u>(1.2)</u>	<u>(1.4)</u>

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Operating profit (continued)

During the period, the group obtained the following services from the group's auditors

	52 weeks ended 30 January 2010 £'000s	52 weeks ended 31 January 2009 £'000s
Fees payable for the audit of the company's financial statements	215 1	186 7
Fees payable for other services		
- audit of subsidiary undertakings	70.0	98 2
- other services	-	6 8

3 Exceptional items

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Loss on disposal of other fixed assets	(0 3)	(1 9)
	(0.3)	(1 9)

4 Net interest

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Payable		
Other finance cost (FRS17)	(1.7)	-
Other interest payable	(0.2)	-
	(1.9)	-
Interest receivable		
From group undertakings	8.4	8 1
Cash and bank balances	0.6	1 9
Other finance income (FRS17)	-	1 8
	9.0	11 8
Net interest receivable	7.1	11 8

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

5 Directors and employees

Group staff costs during the period were as follows:

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Wages and salaries	103.3	93.3
Social security costs	10.4	9.8
Other pension costs	3.1	3.1
	<u>116.8</u>	<u>106.2</u>

The average number of employees of the group during the period was:

	52 weeks ended 30 January 2010 Number	52 weeks ended 31 January 2009 Number
Production	382	399
Selling and distribution	2,812	2,714
Administration	120	132
	<u>3,314</u>	<u>3,245</u>

Company staff costs during the period were as follows:

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Wages and salaries	95.8	86.3
Social security costs	9.7	9.0
Other pension costs	2.8	2.9
	<u>108.3</u>	<u>98.2</u>

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Directors and employees (continued)

The average number of employees of the company during the period was

	52 weeks ended 30 January 2010 Number	52 weeks ended 31 January 2009 Number
Production	382	399
Selling and distribution	2,595	2,479
Administration	91	106
	<u>3,068</u>	<u>2,984</u>

In addition, the company employed an average of 31 (2009 25) agency staff during the period at a cost of £0.5m (2009 £0.4m)

Remuneration in respect of directors was as follows

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Emoluments	3.9	6.4
	<u>3.9</u>	<u>6.4</u>

Included in emoluments for the period ended 30 January 2010 are pension contributions of £0.1m (2009 £0.1m)

The value of emoluments incurred directly by the company was £3.4m (2009 £2.7m). Emoluments incurred by the group's subsidiary undertakings was £0.3m (2009 £0.3m). Emoluments include £0.2m (2009 £3.4m) incurred by parent undertakings.

There are 6 directors to whom retirement benefits are accruing under a defined benefit pension scheme (2009 6) and 6 directors to whom retirement benefits are accruing under a defined contribution scheme (2009 6).

In addition to the amounts above, an amount of £1.4m was paid during the period to a former director as compensation for loss of office (2009 £nil).

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

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Emoluments	1.4	2.6
	<u>1.4</u>	<u>2.6</u>

The highest paid director's accrued pension at the period end was £nil (2009 £nil)

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Current tax		
Current tax charge	(7.1)	-
Group relief	(11.5)	(12 0)
	<u>(18 6)</u>	<u>(12 0)</u>
 (Under)/Over provision in respect of prior years	 0.1	 (1 3)
	<u>(18.5)</u>	<u>(13 3)</u>
Deferred tax		
Accelerated capital allowances	2.6	-
Origination and reversal of timing differences	-	(0 2)
FRS 17 Deferred tax	(6 6)	(9 4)
Total current tax for the period	<u>(22.5)</u>	<u>(22 9)</u>

Factors affecting the tax charge for period

The current period corporation tax assessed for the period is lower than the standard rate of corporation tax of 28% (2009 28 33%) for the following reasons

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Profit on ordinary activities before tax	<u>76.2</u>	<u>50 3</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28 33%)	(21.3)	(14 3)
Effect of		
(Expenses)/Income not (deductible)/assessable for tax purposes	(0.2)	(1 1)
Capital allowances for the period in excess of depreciation	(0.4)	0 8
Transfer pricing adjustments	(3.3)	(7 8)
Over provision in respect of prior year	0.1	(1 3)
Income and expenses assessed/relieved on a cash basis	6.6	9 5
Group relief claimed	-	0 9
	<u>(18.5)</u>	<u>(13 3)</u>

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

7 Company profit and loss account

As permitted by section 408 of the Companies Act 2006 the profit and loss account of Harrods Limited is not presented as part of the financial statements. Harrods Limited's profit for the period after taxation amounted to £53.6m (2009 £23.0m). The directors paid a dividend of £14.1m in respect of the period (2009 £nil).

8 Dividends

	52 weeks ended 30 January 2010 £m	52 weeks ended 31 January 2009 £m
Equity - ordinary		
Interim paid 7p (2009 nil) per share	14.1	-

9 Tangible fixed assets

Consolidated

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost and valuation			
At 1 February 2009	1.4	232.6	234.0
Additions	-	35.6	35.6
Disposals	-	(1.6)	(1.6)
Written off	-	(0.3)	(0.3)
At 30 January 2010	1.4	266.3	267.7
Accumulated depreciation			
At 1 February 2009	0.2	162.3	162.5
Provided in the period	-	15.9	15.9
Disposals	-	(1.3)	(1.3)
At 30 January 2010	0.2	176.9	177.1
Net book amount at 30 January 2010	1.2	89.4	90.6
Net book amount at 31 January 2009	1.2	70.3	71.5

The figures stated above include assets held under finance leases as follows

	£m	£m	£m
Net book amount at 30 January 2010	-	4.8	4.8

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Tangible fixed assets (continued)

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost and valuation			
Valuation	1.4	-	1.4
Cost	-	266.2	266.2
	1.4	266.2	267.6

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

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Historical cost at 30 January 2010	0.9	266.3	267.2
Depreciation on historical cost at 30 January 2010	(0.2)	(176.9)	(177.1)
Net book value at 30 January 2010	0.7	89.4	90.1
Historical cost at 31 January 2009	0.9	232.6	233.5
Depreciation on historical cost at 31 January 2009	(0.2)	(162.3)	(162.5)
Net book value at 31 January 2009	0.7	70.3	71.0

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Tangible fixed assets (continued)

Company

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Cost and valuation			
At 1 February 2009	1.4	224.2	225.6
Additions	-	32.3	32.3
Disposals	-	(1.6)	(1.6)
Written off	-	(0.4)	(0.4)
At 30 January 2010	<u>1.4</u>	<u>254.5</u>	<u>255.9</u>
Accumulated depreciation			
At 1 February 2009	0.2	159.4	159.6
Provided in the period	-	14.9	14.9
Disposals	-	(1.3)	(1.3)
At 30 January 2010	<u>0.2</u>	<u>173.0</u>	<u>173.2</u>
Net book amount at 30 January 2010	<u>1.2</u>	<u>81.5</u>	<u>82.7</u>
Net book amount at 31 January 2009	<u>1.2</u>	<u>64.8</u>	<u>66.0</u>

The figures stated above include assets held under finance leases as follows

	£m	£m	£m
Net book amount at 30 January 2010	<u>-</u>	<u>4.8</u>	<u>4.8</u>
Cost and valuation			
Valuation	1.4	-	1.4
Cost	-	254.5	254.5
	<u>1.4</u>	<u>254.5</u>	<u>255.9</u>

For the period ended 30 JANUARY 2010

Tangible fixed assets (continued)

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

Company historical cost

	Freehold land and buildings £m	Fixtures, fittings, vehicles and equipment £m	Total £m
Historical cost at 30 January 2010	0.9	254.5	255.4
Depreciation on historical cost at 30 January 2010	(0.2)	(173.0)	(173.2)
Net book value at 30 January 2010	0.7	81.5	82.2
Historical cost at 31 January 2009	0.9	224.2	225.1
Depreciation on historical cost at 31 January 2009	(0.2)	(159.4)	(159.6)
Net book value at 31 January 2009	0.7	64.8	65.5

All other fixed assets are stated at cost

Included in the cost element of freeholds, fixtures, fittings, vehicles and equipment are costs incurred on unfinished projects at the period end amounting to £15.4m (2009 £33.6m) in both the group and the company

Netted off the cost of fixed assets are accumulated supplier and concession contributions amounting to £9.4m at the period end (2009 £12.4m). Of this amount, £5.6m (2009 £5.4m) had been taken to the profit and loss account by way of a reduction to accumulated depreciation

10 Investments

Consolidated

	Unlisted investments £m
Shares at cost:	
At 1 February 2009 and 30 January 2010	7.7
Net book value at 30 January 2010	7.7
Net book value at 31 January 2009	7.7

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Investments (continued)

Company

	Unlisted investments £m	Shares in group under- takings £m	Total £m
Shares at cost.			
At 1 February 2009 and 30 January 2010	2.3	212.2	214.5
Provisions			
At 1 February 2009 and at 30 January 2010	-	(200.9)	(200.9)
Net book value at 30 January 2010	2.3	11.3	13.6
Net book value at 31 January 2009	2.3	11.3	13.6

Unlisted investments:

Harrods Bank Limited

Harrods Bank Limited, a company registered in England and Wales, has been accounted for as an unlisted investment, due to it having independent management and control (in accordance with Bank of England direction in 1991), although the group continues to retain 100% ownership through the non-voting shares

At 30 January 2010, the aggregate capital and reserves of Harrods Bank Limited was £7.6m (2009 £8.0m) and the loss for the period ended 30 January 2010 was £0.3m (2009 profit of £0.2m)

Shares in group undertakings:

The group has the following wholly owned (100% of equity) trading and non-trading subsidiary undertakings which are registered and operate in the United Kingdom

Name	Country of registration	Nature of business Principal activity
Operating at 30 January 2010		
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 agents
Harrods Watches Limited	England and Wales	Purchasing Company
PL Management Limited	England and Wales	Property management
Harrods Card Handling Company Ltd	England and Wales	Merchant card handling

In addition to the companies shown in the above list, the company also holds investments in other subsidiary undertakings which are not material. Details of all subsidiary undertakings will be annexed to the company's next annual return in compliance with section 410 of the Companies Act 2006

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

11 Stocks

	Consolidated		Company	
	At 30	At 31	At 30	At 31
	January	January	January	January
	2010	2009	2010	2009
	£m	£m	£m	£m
Finished goods for resale	61.8	50.1	55.6	43.2

Of the £61.8m goods held for re-sale a lien over inventory of £50.1m (2009 £50.1m) has been granted to the trustee of the group's defined benefit pension scheme. The increase in value of finished goods for resale is primarily driven by the conversion of the trade from certain concessions to own bought trade in 2009.

12 Debtors

	Consolidated		Company	
	At 30	At 31	At 30	At 31
	January	January	January	January
	2010	2009	2010	2009
	£m	£m	£m	£m
Amounts falling due within one year:				
Trade debtors	14.9	12.6	13.3	10.9
Amounts owed by group undertakings	0.3	8.8	2.0	13.2
Security deposit on operating lease	3.5	3.1	3.5	3.1
Other debtors	4.2	1.9	4.2	1.7
Prepayments and accrued income	4.8	3.8	4.7	3.3
	27.7	30.2	27.7	32.2

	Consolidated		Company	
	At 30	At 31	At 30	At 31
	January	January	January	January
	2010	2009	2010	2009
	£m	£m	£m	£m
Amount due after more than one year:				
Amounts owed by group undertakings	119.8	120.3	120.3	120.8
Loan to related party	286.4	295.0	286.4	295.0
	406.2	415.3	406.7	415.8

As described in note 26, in December 2006 the group granted a subordinated loan to Harrods Property Limited, which is under the common control of the group's ultimate parent undertaking (note 27). The debt is non-interest bearing and is repayable on demand by the lender. For the purposes of the group's tax calculation, an imputed interest charge is recognised as a non-cash transfer for tax purposes.

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

13 Creditors: amounts falling due within one year

	Consolidated		Company	
	At 30	At 31	At 30	At 31
	January	January	January	January
	2010	2009	2010	2009
	£m	£m	£m	£m
Trade creditors	68.9	71.1	66.7	69.4
Corporation tax payable	16.0	14.6	14.2	13.0
Other creditors	25.3	7.6	25.4	7.6
Accruals and deferred income	22.2	33.5	19.4	32.0
Capital expenditure accrual	10.0	1.3	8.7	1.3
Social security and other taxes	7.0	7.4	6.6	7.3
Secured borrowing (Note 14)	0.7	0.8	0.7	0.8
Bank overdraft	0.6	-	-	-
Amounts owed to group undertakings	-	0.9	3.7	1.4
	<u>150.7</u>	<u>137.2</u>	<u>145.4</u>	<u>132.8</u>

14 Creditors: amounts falling due after more than one year

	Consolidated		Company	
	At 30	At 31	At 30	At 31
	January	January	January	January
	2010	2009	2010	2009
	£m	£m	£m	£m
Amounts owed to group undertakings	-	-	10.9	11.0
Secured borrowing	0.5	1.0	0.5	1.0
Amounts accrued in relation to Security Finance Leases	4.8	-	4.8	-
Accruals and deferred income	10.9	11.2	10.9	11.2
	<u>16.2</u>	<u>12.2</u>	<u>27.1</u>	<u>23.2</u>

During the prior period, Harrods Limited entered into a three year chattel mortgage agreement to finance the acquisition of certain fixed assets amounting to £2m. At period end, the balance due under the agreement was £1.2m. The final repayment is due in September 2011.

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

15 Provisions for liabilities

Consolidated

	Deferred taxation £m	Onerous Lease £m	Total £m
Balance at 1 February 2009	5.0	1.5	6.5
Transfer from profit and loss account	(2.6)	-	(2.6)
Balance at 30 January 2010	<u>2.4</u>	<u>1.5</u>	<u>3.9</u>
			Deferred taxation £m
Accelerated capital allowances			2.4
Other timing differences			-
Balance at 30 January 2010			<u>2.4</u>

Company

	Deferred taxation £m	Onerous lease £m	Total £m
Balance at 1 February 2009	4.9	1.5	6.4
Transfer from profit and loss account	(2.8)	-	(2.8)
Balance at 30 January 2010	<u>2.1</u>	<u>1.5</u>	<u>3.6</u>

The brought forward onerous lease provision covers the estimated cost (including estimated potential costs of disposal) of certain leased property, discounted at an appropriate discount rate

16 Called up share capital

	Consolidated		Company	
	At 30 January 2010 £m	At 31 January 2009 £m	At 30 January 2010 £m	At 31 January 2009 £m
Authorised				
215,000,000 ordinary shares of 10p each	21.5	21.5	21.5	21.5
1 'A' special rights redeemable preference share of £1	-	-	-	-
1 'B' special rights redeemable preference share of £1	-	-	-	-
	<u>21.5</u>	<u>21.5</u>	<u>21.5</u>	<u>21.5</u>
Allotted and fully paid				
192,000,000 ordinary shares of 10p each	<u>19.2</u>	<u>19.2</u>	<u>19.2</u>	<u>19.2</u>

HARRODS LIMITED
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For the period ended 30 JANUARY 2010

17 Reserves

	Consolidated		Company	
	Revaluation reserve £m	Profit and loss account £m	Revaluation reserve £m	Profit and loss account £m
Balance at 1 February 2009	0.4	459.4	0.4	444.0
Actuarial loss on pension scheme	-	(20.1)	-	(19.3)
Profit for the period	-	53.7	-	53.6
Dividends paid	-	(14.1)	-	(14.1)
Balance at 30 January 2010	<u>0.4</u>	<u>478.9</u>	<u>0.4</u>	<u>464.2</u>

At 30 January 2010, there is a balance of £2 (2009 £2) on the capital redemption reserve which arose upon the redemption of preference shares on 24 January 2007

Included in the profit and loss account reserve is £63.8m (2009 £66.8m) which is non distributable

18 Reconciliation of movements in shareholders' funds

	2010 £m	2009 £m
Profit for the financial period	53.7	27.4
Dividends	(14.1)	-
Retained surplus for the period	<u>39.6</u>	<u>27.4</u>
Actuarial loss on pension scheme	(20.1)	(16.0)
Net increase in shareholders' funds	<u>19.5</u>	<u>11.4</u>
Shareholders' funds at 1 February 2009	<u>479.0</u>	<u>467.6</u>
Shareholders' funds at 30 January 2010	<u>498.5</u>	<u>479.0</u>

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

19 Net cash inflow from operating activities

	52 weeks ended 30 January 2010 £m	52 Weeks ended 31 January 2009 £m
Operating profit before rent	112.6	81.5
Rent (note 2, note 26)	(43.2)	(41.4)
Operating profit	69.4	40.1
Depreciation	15.8	14.0
Non-cash write off of fixed assets	0.4	2.6
Increase in stock	(11.7)	(10.9)
Increase in debtors	(6.4)	(1.8)
Increase in creditors	4.1	16.9
Net cash inflow from operating activities	71.6	60.9

20 Reconciliation of net cash flow to movement in net debt

	52 weeks ended 30 January 2010 £m	52 Weeks ended 31 January 2009 £m
Increase in cash in the period	17.7	19.8
Inception of finance lease	4.8	-
Increase in borrowings	0.6	(1.8)
Increase in net cash in the period	23.1	18.0
Net cash at 1 February 2009	72.3	54.3
Net cash at 30 January 2010	95.4	72.3

21 Analysis of changes in net debt

	At 1 Feb 2009 £m	Cash flow £m	Other non- cash changes £m	At 30 Jan 2010 £m
Cash at bank and in hand (net)	74.1	17.7	-	91.8
Finance leases	-	-	4.8	4.8
Secured borrowings	(1.8)	0.6	-	(1.2)
	72.3	18.3	4.8	95.4

22 Commitments

At 30 January 2010 the group had the following capital commitments

	Consolidated		Company	
	At 30	At 31	At 30	At 31
	January	January	January	January
	2010	2009	2010	2009
	£m	£m	£m	£m
Contracted for but not provided	20.7	14.3	10.7	13.8

There were no other capital commitments at 30 January 2010 or 31 January 2009

Other Commitments

At 30 January 2010 the company had commitments under concession agreements with the British Airport Authority which were contracted for but not provided for in these financial statements of £2.7m as at the period end (2009 £1.1m). Finally, the Group had committed to a finance lease of £7.3 million at 30 January 2010, of which £4.8 million (2009 nil) has been provided for in the accounts as a long term creditor.

23 Contingent liabilities

The group participated in derivative financial instruments during the period to manage its foreign exchange exposure to the Euro and the US dollar. Through its hedging activities the group seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rates. The exposure on outstanding forward foreign exchange contracts at the period end was £26.2m (2009 £14.2m) and their fair value was £0.3m (2009 £1.4m) based on exchange rates prevailing at the period end. The exposure on outstanding call options at the period end was £nil (2009 £15.3m) and their fair value was £nil (2009 £1.8m) based on exchange rates prevailing at the period end. Premiums payable on delivery date of the call options amounted to £0.5m (2009 £0.5m) at period end.

The group is not aware of any material contingent liabilities existing at the balance sheet date. The group is involved in litigation in the ordinary course of business. However, in the opinion of the directors, no material losses in excess of provisions made are likely to arise.

The Qatar Holding UK Group (formerly AIT UK Holdings Group) cash netting facility is guaranteed by Harrods Limited and other group companies.

There were no other contingent liabilities at 30 January 2010 or 31 January 2009.

24 Retirement benefit obligations

Pensions schemes operated

During the period the group principally operated two schemes

- (i) the Harrods Retirement Savings Plan ("the Stakeholder Scheme"), which is an approved defined contribution scheme, it was established in April 2006 and is provided and managed by Fidelity International
- (ii) the Harrods Group Pension Plan ("the Plan"), which is an approved defined benefit scheme

Stakeholder scheme

The pension cost under the defined contribution scheme amounted to £3.1m (2009 £3.1m). No pension accrual (2009 £nil) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme ("the Plan")

An actuarial valuation of the Plan as at 6 April 2007 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £67.5 million as at 6 April 2007.

At that time the amended contributions, in order for the Plan to be fully funded by 31 January 2014, were agreed as follows:

- monthly contributions totaling £10.6m per annum with effect from 1 October 2007
- monthly contributions totaling an estimated £0.7m per annum to fund administrative expenses of the Plan, with effect from 6 April 2007
- annual contribution estimated at £0.3m to fund the Pension Protection Fund levy and other such pension scheme levies as are payable by the employers and Trustee under the terms of the Pension Schemes Act 1993 and the Pensions Act 2004

Recognising the risks inherent in the performance of the financial markets during the seven year 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 2010, the participating employers made total contributions to the plan of £31.4m (2009 £11.4m), including all payments under an agreement entered into with the scheme Trustees in 2009 to make an additional lump sum payment into the fund. Under this agreement a new actuarial valuation of the Plan on a Scheme Specific Funding basis and a new funding agreement are to be agreed and entered into by October 31, 2010. Failing this, the participating employers will be required to make additional contributions into the plan over a six month period from November 2010 of up to £46 million.

The funding position of the Plan is monitored by the Trustee 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.

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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Financial Reporting Standard 17 Disclosures

Mercer, the new actuaries and administrators to the plan, as appointed by the Pension Trustees in 2008, carried out a valuation of the plan's assets and liabilities

The major assumptions used by the actuary were

	30 January 2010	31 January 2009
Discount rate	5.6%	6.7%
Inflation assumption	3.6%	3.5%
Rate of increase in salaries	n/a	n/a
Rate of pension increases (LPI 5%)	3.4%	3.4%
Rate of pension increases (LPI 2.5%)	2.3%	2.3%
Longevity at age 60 for current pensioners		
- Men	26.9	26.8
- Women	29.8	29.8
Longevity at age 60 for future pensioners		
- Men	28.0	28.0
- Women	30.8	30.8

The market value of the assets in the Plan, the expected long-term rate of return from them and the present value of Plan liabilities, all as defined in accordance with FRS17 and valued by the qualified independent actuary were as follows

	As at 30 January 2010		As at 31 January 2009	
	£m	Expected long-term rate of return % per annum	£m	Expected long-term rate of return % per annum
Equities	94.2	7.6%	70.9	7.7%
Equity option	-	-	-	7.7%
Corporate bonds	48.6	5.4%	25.6	6.9%
Government bonds	41.7	4.1%	42.3	4.2%
Total return investments	44.9	7.6%	37.0	7.7%
Other	0.7	4.0%	2.1	-
Cash earmarked for investment	-	-	-	-
Cash	39.5	4.0%	35.1	3.7%
Total asset held by the Plan	269.6	6.1%	213.0	6.6%
Monies held in Escrow	-	-	-	-
Total fair value of assets	269.6		213.0	
Present value of plan liabilities	(293.4)		(232.5)	
Deficit in the Plan	(23.8)		(19.5)	
Irrecoverable surplus	-		-	
Deficit recognised in balance sheet	(23.8)		(19.5)	
Related deferred tax asset	6.7		5.5	
Net pension liability	(17.1)		(14.0)	

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Retirement benefit obligations (continued)

	30 January 2010 £m	31 January 2009 £m
Analysis of amounts charged to operating profit		
Current service cost	-	-
Effect of curtailments or settlements	-	-
Total operating credit	-	-

Analysis of amounts included as other finance costs

Expected return on pension plan assets	13.6	16.9
Interest cost on pension plan liabilities	(15.3)	(15.1)
Net financial (cost)/income	(1.7)	1.8

Analysis of amounts recognised in statement of total recognised gains and losses

Actuarial losses immediately recognised	(27.9)	(30.0)
Effect of surplus cap	-	8.1
Actuarial loss recognised in statement of total recognised gains and losses	(27.9)	(21.9)

Changes in the benefit obligation during the period were as follows:

Benefit obligation at beginning of period	232.5	249.0
Interest Cost	15.3	15.1
Actuarial losses/(gains)	53.6	(21.9)
Benefits paid	(8.0)	(9.7)
Benefit obligation at end of period	293.4	232.5

	30 January 2010 £m	31 January 2009 £m
Changes in the plan assets during the period were as follows:		

Fair value of plan assets at beginning of period	213.0	257.3
Expected return on plan assets	13.6	16.9
Actuarial gains/(losses)	25.7	(51.9)
Monies paid from escrow account to plan	-	(31.2)
Employer contribution	25.3	31.6
Benefits Paid	(8.0)	(9.7)
Fair value of plan assets at end of period	269.6	213.0

HARRODS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 JANUARY 2010

Retirement benefit obligations (continued)

The actual return on plan assets follows

	Year to 30 January 2010 £m	Year to 31 January 2009 £m
Actual return on plan assets	<u>39.3</u>	<u>(35.0)</u>

History of experience gains and losses

The following disclosures provide five year history for the Harrods Limited group

	30 January 2010		31 January 2009		2 February 2008		3 February 2007		28 January 2006	
	£m	%	£m	%	£m	%	£m	%	£m	%
Benefit obligation at end of year	(293.4)		(232.5)		(249.0)		(261.6)		(296.4)	
Fair value of plan assets at end of year	<u>269.6</u>		<u>213.0</u>		<u>257.3</u>		<u>244.7</u>		<u>189.7</u>	
(Deficit) / surplus in the plan	(23.8)		(19.5)		8.3		(16.9)		(106.7)	
Difference between actual and expected return on assets	25.7	9.5%	(51.9)	(24.4%)	(1.1)	(0.4%)	2.2	0.9%	27.1	14.3%
Experience (losses)/gains on plan liabilities	-		-		(4.2)	(1.7%)	(9.1)	(3.5%)	(2.3)	(0.8%)
Amount recognised in statement of total recognised gains and losses against liabilities	(27.9)	(9.5%)	(21.9)	(9.4%)	5.6	2.2%	25.7	9.8%	(26.9)	(9.1%)

Cumulative amount of gains/ losses immediately recognized in Statement of Total Recognised Gains and Losses since introduction of FRS17 is a loss of £45.4m (2009 loss of £17.5m)

25 Leasing commitments

The group has annual commitments under operating leases which expire as follows

	Consolidated		Company	
	30 January 2010 £m	31 January 2009 £m	30 January 2010 £m	31 January 2009 £m
Land and buildings	-	-	-	-
Between one and five years	44.4	44.4	44.1	44.1
In five years or more	<u>44.4</u>	<u>44.4</u>	<u>44.1</u>	<u>44.1</u>
	Consolidated		Company	
	30 January 2010 £m	31 January 2009 £m	30 January 2010 £m	31 January 2009 £m
Other assets leases	-	0.2	-	0.2
Less than one year	0.5	0.2	0.5	0.2
Between one and five years	0.1	-	0.1	-
In five years or more	<u>0.6</u>	<u>0.4</u>	<u>0.6</u>	<u>0.4</u>

26 Transactions with directors and other related parties

During the period the group entered into transactions with a number of entities, which at the year end date were under the control of the group's then ultimate controlling party, the Fayed family. These entities comprise Balnagown Castle Properties Limited, Fulham Football Club (1987) Limited, Fulham Football Club Foundation (formerly Fulham FC Community Sports Trust), Harrods Property Limited, Hyde Park Residence Limited, Jasmine Di Milo Limited, Prestige Properties S A, The Ritz Hotel, Limited, Turnbull & Asser Limited, Liberty Publishing and Media Limited, Fayair (Jersey) Company Limited, Barrow Green Court, West Heath 2000 and Alfayed Charitable Foundation Limited. The transactions and balances with these entities are not considered to be material except as described below.

Harrods Limited is a wholly owned subsidiary of Qatar Holding UK Limited (formerly AIT UK Holdings Limited), and as permitted by Financial Reporting Standard No 8 "Related party disclosures" has not disclosed transactions with group undertakings.

The group charged Turnbull & Asser Limited £0.4m (2009 £0.3m) under commercial terms for the concession it operates in the Store. The creditor outstanding at period end was £0.2m (2009 £0.2m).

Jasmine Di Milo Limited operates a concession in the Knightsbridge Store, on commercial terms. The group provides a number of administrative services to Jasmine Di Milo Limited. The debtor outstanding at period end was £0.8m (2009 £0.3m). The maximum debtor balance during the period was £0.9m (2009 £0.5m).

During the period, the group charged payroll charges to The Ritz Hotel, Limited amounting to £0.3m (2009 £0.3m). The debtor outstanding at period end was £nil (2009 £0.1m). The maximum debtor balance during the period was £0.3m (2009 £0.1m).

The group has a subordinated loan to Harrods Property Limited amounting to £286.4m (2009 £295.0m). The loan is non-interest bearing and is repayable on demand by the lender. The maximum receivable during the period was £295.0m (2009 £302.4m).

The Harrods Limited group continues as tenant under a lease with Harrods Property Limited which is for a term of 35 years from December 2006. This lease covers the Harrods store in Knightsbridge, the Harrods distribution centre near Heathrow and a number of ancillary Harrods properties used for trading operations. During the period the group was charged rent of £43.2m (2009 £41.4m) by Harrods Property Limited. At the period end, the balance of prepaid rent was £3.5m (2009 £3.4m).

There are no other material related party transactions.

27 Ultimate parent undertaking

The group's immediate parent undertaking is Harrods (UK) Limited. The ultimate UK parent undertaking of Harrods (UK) Limited is Qatar Holding UK Limited (formerly AIT UK Holdings Limited) which is the largest group which consolidates the results of the company. The Qatar Holding UK Group (formerly AIT UK Holdings Group) financial statements 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.