

Company number: 30209

HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 30 JANUARY 1993



HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 30 JANUARY 1993

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HARRODS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 53 weeks ended 30 January 1993.

Directors

The present directors of the Company are:

Mr. M. Al Fayed - Chairman
Mr. A. Fayed

Mr. C. P. de Boer
Mr. P. Bolliger
Mr. M. D. Cole
Mr. A. R. Cox (appointed 1 April 1992)
Mr. G. Eggert (appointed 1 March 1993)
Mr. J. G. Hawkins
Mr. A. R. Jennings
Mr. D. R. Webb

Other directors who served during the year were:

Mr B. K. Lee (resigned 16 June 1992)
Mr D. T. Merritt (appointed 1 June 1992, ceased to be a director
20 August 1992)
Mr M. S. Springett (resigned 30 October 1992)

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 9.

After payment of dividends for the year of £18.2 million, an amount of £3.7 million was transferred from reserves.

Two dividends, each of £3,130,000, for the year ending 29 January 1994 were paid on 26 February and 31 March 1993.

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

Review of the Business

The directors consider the results for the year to be highly satisfactory in view of the difficult trading conditions experienced. A small area of additional selling space has been made available during the year and refurbishment has continued to take place throughout the Store.

Post Balance Sheet Event

On 30 April 1993 House of Fraser Limited, the Company's parent company, together with House of Fraser Holdings plc, that company's parent company, and House of Fraser Property Investment plc, a fellow subsidiary undertaking, refinanced their then existing bank borrowings. As part of the refinancing, the Company has given security over its assets and guaranteed to the bank borrowing facilities of the House of Fraser Holdings plc Group as set out in Note 17.

Fixed Assets

Changes in fixed assets are set out in Notes 8 and 9 to the financial statements.

Revaluation of Properties

The directors have carried out a valuation of the Company's properties as at 30 January, 1993. The majority, by value, of the freehold and long leasehold properties was carried out as at 30 January 1993, by Healey & Baker, International Real Estate Consultants, on the basis of open market value for the existing use and has been adopted by the directors. The remainder of the properties have been valued by the directors. These valuations showed a net surplus of £15.2 million which has been credited to reserves and is shown in Note 15 to the financial statements.

Directors' Interests

Apart from Mr. M. Al Fayed and Mr. A. Fayed who are beneficially interested in the shares of House of Fraser Holdings plc, the ultimate parent company in the United Kingdom, none of the other directors in office at 30 January 1993 held any beneficial interest in the shares or debentures of the Company or of House of Fraser Holdings plc or of any other of that company's subsidiaries at 26 January 1992, at date of appointment if later, or at 30 January 1993. Certain directors hold non-beneficial qualification shareholdings as directors of House of Fraser Limited (formerly House of Fraser plc) which are disclosed in the Directors' Report and Accounts of that company.

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

Directors' Interests (Continued)

No director has had a material interest directly or indirectly at any time during the year in any contract significant to the business of the Company.

Charitable and Political Donations

The charitable donations made by the Company and charged in the accounts were £13,942. There were no political donations.

Health and Safety

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

Disabled Persons

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

Employee Involvement

Information is provided regularly to employees by means of normal management communication channels using written materials, face to face meetings and video presentations. The Store Magazine "Harrods News" 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 House of Fraser Group Pension Plan has a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan.

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

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

The Environment

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


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 30 January 1993, the Company was a Close Company within the meaning of Part XI, Chapter 1 of the Income and Corporation Taxes Act 1988.

By Order of the Board


S. Jerman
Secretary
26 May 1993

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF HARRODS LIMITED

We have audited the financial statements on pages 6 to 24 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 January 1993 and of its loss and cashflows for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditor

26 May 1993

HARRODS LIMITED

ACCOUNTING POLICIES

1. 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 House of Fraser Limited (formerly House of Fraser plc), a company registered in Scotland.

The Accounting Standards Board (ASB) has published FRS3: Reporting Financial Performance. FRS3 requires major changes in the presentation of financial performance in the profit and loss account and in the reporting of all other recognised gains and losses. FRS3 is mandatory for accounting years ending on or after 22 June 1993 and will be adopted in next years's financial statements.

2. 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.

3. 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.

The depreciation rates have been reviewed during the year in line with existing group accounting policies to more accurately reflect the estimated useful lives of assets.

It is the practice of the Company to maintain its properties in a continual state of repair. Accordingly, the residual value, based upon prices at the time of revaluation, is at least equal to the current value and there is no charge for depreciation.

HARRODS LIMITED

ACCOUNTING POLICIES (Continued)

4. Leased assets

Assets acquired under finance leases are capitalised so as to reflect the fair value of the asset acquired, and depreciated at a rate which is appropriate given the terms of the lease and life of the asset. The interest element of the rental charge is taken to the profit and loss account in proportion to the capital element outstanding. Rentals paid under operating leases are charged to the profit and loss account over the lease term.

5. 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.

6. Property sales

The surplus on the disposal of properties is determined by reference to their historic cost.

7. 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 where a tax liability is expected to crystallize.

8. Pensions

Retirement benefits for the present employees of the Company 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.

9. Turnover

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

HARRODS LIMITED

ACCOUNTING POLICIES (Continued)

10. 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

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 30 JANUARY 1993

	Note	53 weeks Ended 30 January 1993 £000	52 Weeks Ended 25 January 1992 £000
TOTAL TURNOVER		346,760	327,305
Value Added Tax		<u>(41,562)</u>	<u>(33,593)</u>
Turnover	1	305,198	293,712
Cost of sales		<u>(191,076)</u>	<u>(186,336)</u>
Gross profit		114,122	107,376
Distribution and store costs		<u>(81,900)</u>	<u>(78,396)</u>
OPERATING PROFIT	2	32,222	28,980
Other income	3	1,312	91
Interest	4	<u>(12,807)</u>	<u>(16,060)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		20,727	13,011
Exceptional items	5	<u>2,674</u>	<u>883</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,401	13,894
Taxation	6	<u>(8,900)</u>	<u>(4,305)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		14,501	9,589
Dividends		<u>(18,200)</u>	<u>(10,320)</u>
TRANSFER FROM RESERVES		<u>(3,699)</u>	<u>(731)</u>

The movements on reserves are shown in Note 15.

HARRODS LIMITED
BALANCE SHEET
AT 30 JANUARY 1993

	Note	30 January 1993 £000	25 January 1992 £000
FIXED ASSETS			
Tangible assets	8	436,479	427,548
Investments	9	<u>2,275</u>	<u>2,275</u>
		438,754	429,823
CURRENT ASSETS			
Stocks	10	25,604	27,089
Debtors due within one year	11	12,873	10,196
Debtors due after more than one year	11	2,778	1,414
Cash at bank and in hand		<u>5,088</u>	<u>4,982</u>
		46,343	43,681
CREDITORS			
Amounts falling due within one year	12	<u>(72,962)</u>	<u>(67,279)</u>
NET CURRENT LIABILITIES		<u>(26,619)</u>	<u>(23,598)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		412,135	406,225
CREDITORS			
Amounts falling due after more than one year	12	(202)	(1,033)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>(2,000)</u>	<u>(3,000)</u>
		<u>409,933</u>	<u>402,192</u>
CAPITAL AND RESERVES			
Called up share capital	14	19,200	19,200
Revaluation reserve	15	312,912	301,472
Profit and loss account	15	<u>77,821</u>	<u>81,520</u>
		<u>409,933</u>	<u>402,192</u>

Approved by the Board on 26 May 1993.

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P Bolliger
Director

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J G Hawkins
Director

HARRODS LIMITED

CASH FLOW STATEMENT FOR THE
53 WEEKS ENDED 30 JANUARY 1993

	53 WEEKS ENDED 30 JANUARY 1993 Note £000	52 WEEKS ENDED 25 JANUARY 1992 £000
Net cash inflow from operating activities	1 42,236	44,876
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(12,807)	(16,060)
Dividends paid	(18,200)	(10,320)
Dividends received	1,000	-
Rent received from properties	312	91
Net cash outflow from returns on investments and servicing of finance	(29,695)	(26,289)
TAXATION		
Corporation tax paid	-	(72)
Group relief paid	(7,210)	(3,670)
ACT paid	-	(1,847)
Tax paid	(7,210)	(5,589)
INVESTING ACTIVITIES		
Cost of planning permission on abortive project	(277)	-
Cost of property related transactions	-	(473)
Sale of credit card operation	-	1,356
Sale of property	3,207	-
Purchase of tangible fixed assets	(7,459)	(14,621)
Sale of tangible fixed assets	22	767
Sale of fixed asset investments	-	6,516
Net cash outflow from investing activities	(4,507)	(6,455)
NET CASH INFLOW BEFORE FINANCING	824	6,543

HARRODS LIMITED

CASH FLOW STATEMENT FOR THE
53 WEEKS ENDED 30 JANUARY 1993

	53 WEEKS ENDED	52 WEEKS ENDED
	30 JANUARY	25 JANUARY
	1993	1992
	Note	£000
FINANCING		
Capital element of finance lease payments	4	718
		664
Net cash outflow from financing		718
		, 664
INCREASE IN CASH AND CASH EQUIVALENTS	3	106
		5,879
		824
		6,543

HARRODS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE 53 WEEKS ENDED 30 JANUARY 1993

1. Reconciliation of operating profit to net cash inflow from operating activities.

	53 WEEKS ENDED 30 JANUARY 1993 £000	52 WEEKS ENDED 25 JANUARY 1992 £000
Operating profit	32,222	28,980
Depreciation	7,600	8,698
Profit on disposal of assets	(2)	(3)
Decrease in stocks	1,485	5,374
(Increase)/decrease in debtors	(4,043)	38,558
Increase/(decrease) in creditors	4,974	(36,731)
Net cash inflow from operating activities	<u>42,236</u>	<u>44,876</u>

2. Analysis of changes in cash and cash equivalents during the year.

	30 January 1993 £000	25 January 1992 £000
Balance brought forward	4,982	(897)
Net cash inflow	106	5,879
Balance carried forward	<u>5,088</u>	<u>4,982</u>

3. Analysis of cash and cash equivalents as shown in the balance sheet.

	30 January 1993 £000	25 January 1992 £000	Change £000
Cash and bank balances	<u>5,088</u>	<u>4,982</u>	<u>106</u>

4. Analysis of changes in financing during the year

	Leasing obligations	Share Capital
Balance at 25 January 1992	1,689	19,200
Cash outflow from financing	(718)	-
Balance at 30 January 1993	<u>971</u>	<u>19,200</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- 1 Turnover arises entirely within the United Kingdom. The sales for the year ended 25 January, 1992 included interest received from customer credit cards of £1.964 million (current year - £nil). The operation was sold during that year.

	53 weeks Ended 30 January 1993 £000	52 Weeks Ended 25 January 1992 £000
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2. Operating profit is stated after charging:

Depreciation of tangible fixed assets	6,885	7,983
Depreciation of assets held under finance leases	715	715
Audit fees	93	96
Hire of plant and machinery	<u>177</u>	<u>413</u>

3. Other income

Rental Income	312	91
Income from shares in group undertakings	<u>1,000</u>	<u>-</u>
	<u>1,312</u>	<u>91</u>

4. Interest

Loans from the parent undertaking	(12,687)	(15,790)
Finance leases	<u>(120)</u>	<u>(270)</u>
	<u>(12,807)</u>	<u>(16,060)</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	53 weeks Ended 30 January 1993 £000	52 Weeks Ended 25 January 1992 £000
5. Exceptional items		
Net premium on sale of credit operation	-	1,356
Cost of planning permission on aborted project	(277)	-
Net profit/(loss) on property related transactions	2,951	(473)
	<u>2,674</u>	<u>883</u>

6. Taxation

Taxation based on the profits for the year:

Group relief	(9,854)	(7,210)
Deferred tax	(1,097)	1,938
Corporation tax	(46)	(72)

Adjustments for earlier years:

Deferred tax	2,097	1,039
	<u>(8,900)</u>	<u>(4,305)</u>

Group relief was calculated using a corporation tax rate of 33% (1992 - 33.17%)

7. Information regarding directors and employees

Directors' emoluments

Emoluments including pension contributions	585	469
Compensation for loss of office	104	-
	<u>689</u>	<u>469</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Information regarding directors and employees (continued)

	53 weeks Ended 30 January 1993 £000	52 Weeks Ended 25 January 1992 £000
Emoluments of the Chairman	-	-
Emoluments of highest paid director	<u>192</u>	<u>125</u>

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

	Number	Number
£0 - £5,000	5	7
£5,001 - £10,000	1	-
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£75,001 - £80,000	1	2
£95,001 - £100,000	-	1
£100,001 - £105,000	1	-
£115,001 - £120,000	1	-
£125,001 - £130,000	-	1
£190,001 - £195,000	1	-
	<u> </u>	<u> </u>
	£000	£000
<u>Staff costs</u>		
Wages and salaries	44,638	45,507
Social security costs	3,571	3,643
Other pension costs	(1,364)	(1,769)
	<u>46,845</u>	<u>47,381</u>

The average weekly number of employees during the year was 3,468 (1992: 3,621)

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Information regarding directors and employees (continued)

Pensions

The Company participates in the House of Fraser Group Pension Plan. The Plan is operated as a defined benefit group pension scheme in the U.K..

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

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 the current and expected future earnings using the "attained age" method of calculation. Surpluses or deficiencies are spread over the same average period as an adjustment to regular cost.

The pension credit in the profit and loss account is determined by qualified actuaries who are partners of Bacon & Woodrow, consulting actuaries and is based on the most recent actuarial valuation, which took place as at 5 April, 1991. Further details may be found in the accounts of House of Fraser Limited (formerly House of Fraser plc).

The pension credit for the year was £1,363,545 (1991/92 credit - £1,768,870)

A prepayment of £2,617,674 (1991/92 prepayment - £1,254,129) is included in the financial statements being the excess of the pension credit over the regular pension cost for the year to 30 January 1993 together with the prepayment at 25 January 1992 and interest thereon.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. 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 25 January 1992	459,800	377,546	1,390	1,865	78,999
Additions	5,320	876	-	-	4,444
Disposals	(6,132)	(4,014)	-	-	(2,118)
Group transfers	16	-	-	-	16
Revaluation	15,199	15,199	-	-	-
Cost and valuation at 30 January 1993	474,203	389,607	1,390	1,865	81,341
Aggregate depreciation at 25 January 1992	32,252	-	-	189	32,063
Charge for year	7,600	-	-	84	7,516
Disposals	(2,117)	-	-	-	(2,117)
Group transfers	(11)	-	-	-	(11)
Aggregate depreciation at 30 January 1993	37,724	-	-	273	37,451
Net book value at 30 January 1993	436,479	389,607	1,390	1,592	43,890
Net book value at 25 January 1992	427,548	377,546	1,390	1,676	46,936
Cost and valuation:					
Directors valuation	389,395	388,005	1,390	-	-
Cost	84,808	1,602	-	1,865	81,341
	474,203	389,607	1,390	1,865	81,341

The cost element of freehold land and buildings of £1.6 million represents the cost incurred on unfinished projects at the year end.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.Fixed assets - tangible assets (continued)

The majority by value of the freehold and long leasehold properties have been professionally valued as at 30 January 1993 by Healey & Baker, International Real Estate Consultants, on the basis of open market value for the existing use. The remainder of the properties have been valued by the directors. These values have been incorporated in the financial statements at 30 January 1993.

The net book value of fixtures, fittings, vehicles and equipment, includes an amount of £1,255,110 (1992 - £1,970,612) in respect of assets held under finance leases.

Included in the cost of fixed tangible assets is £2,476,033 (net of tax) of capitalised interest (1992 - £2,382,233) of which £93,800 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 25 January 1992	158,328	77,364	100	1,865	78,999
Depreciation to 25 January 1992	(32,252)	-	-	(189)	(32,063)
Net historical cost at 25 January 1992	126,076	77,364	100	1,676	46,936
Historical cost at 30 January 1993	161,291	77,985	100	1,865	81,341
Depreciation to 30 January 1993	(37,724)	-	-	(273)	(37,451)
Net historical cost at 30 January 1993	123,567	77,985	100	1,592	43,890

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Fixed assets - investments

	Total £000	Subsidiary Undertakings £000	Associated Undertakings £000	Fixed Asset Investments £000
Shares at cost and net book value:				
At 25 January 1992	2,275	25	2,250	-
Reclassification	-	-	(2,250)	2,250
At 30 January 1993	2,275	25	-	2,250

Shares in subsidiary undertakings:

The Company has the following wholly owned trading and dormant subsidiary undertakings:

<u>Name</u>	<u>Registered</u>
Harrods Estates	England & Wales
Harrods International Limited	England & Wales
Harrodian Trustees Limited*	England & Wales
Harrods (Continental) Limited*	England & Wales
Harrods (Management) Limited*	England & Wales
Wyllie and Company Limited*	England & Wales
Harrods (Canada) Limited*	Canada

* dormant company throughout the year.

Harrods (Continental) Limited recommenced trading on 1 February, 1993.

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

Harrods Bank Limited has been accounted for as an unlisted investment, although the Company continues to retain a full economic interest. The investment in the company has been transferred from associated undertakings to fixed asset investments.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Stocks

	30 January 1993 £000	25 January 1992 £000
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The main categories of stocks are:

Raw materials and consumables	-	105
Finished goods and goods for resale	25,604	26,984
	<hr/>	<hr/>
	<u>25,604</u>	<u>27,089</u>

There was no significant difference between the replacement cost of stocks at 30 January 1993 and the amount at which they are stated in the financial statements.

11. Debtors

Amounts due within one year:

Trade debtors	5,275	4,953
Amounts owed by subsidiary undertakings	4,935	2,781
Other debtors	1,598	2,003
Prepayments and accrued income	1,065	459
	<hr/>	<hr/>
	<u>12,873</u>	<u>10,196</u>

Amounts due after more than one year:

Amounts owed by subsidiary undertakings	160	160
Pension contributions prepaid	2,618	1,254
	<hr/>	<hr/>
	<u>2,778</u>	<u>1,414</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Creditors

	30 January 1993 £000	25 January 1992 £000
Amounts falling due within one year		
Trade creditors	20,138	16,508
Amounts owing to parent undertaking	35,560	26,250
Amounts owing to subsidiary undertakings	1,628	1,489
Other taxes and social security	5,966	6,910
Other creditors	4,642	9,640
Accruals and deferred income	5,028	6,482
	<u>72,962</u>	<u>67,279</u>

Amounts falling due after more than one year:

Other creditors	<u>202</u>	<u>1,033</u>
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Leasing commitments

Net obligations under finance leases are:

Repayable within one year	769	656
Repayable between one and five years	202	1,033

13. Deferred taxation

Provided in respect of capital allowances:

Balance at 25 January 1992	3,000	5,977
Credit for the year	(1,000)	(2,977)
	<u>2,000</u>	<u>3,000</u>

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

Capital allowances	6,000	6,000
Revaluation of properties	53,515	50,901
Corporation tax on capital gains	7,735	6,382
	<u>67,250</u>	<u>63,283</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Deferred taxation (continued)

In the opinion of the directors the potential liabilities in respect of the reversal of capital allowances and capital gains are unlikely to arise since capital expenditure is expected to remain at a substantial level for the foreseeable future and the majority of the properties will be retained for use in the business. The availability of rollover relief would eliminate any liability which could otherwise result from disposals.

Deferred taxation has not been provided in respect of the pension credit for the year ended 30 January 1993 as a tax liability will not crystallize as a result of any timing difference.

14. Called up share capital

	30 January 1993 £000	25 January 1992 £000
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>

15. Reserves

	Revalu- ation reserve £000	Profit & loss account £000	Total £000
Balance at 25 January 1992	301,472	81,500	382,992
Transfer from reserves	-	(3,699)	(3,699)
Revaluation surplus	15,199	-	15,199
Revaluation surplus realised on disposal	(3,759)	-	(3,759)
Balance at 30 January 1993	<u>312,912</u>	<u>77,821</u>	<u>390,733</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Capital commitments

	30 January 1993 £000	25 January 1992 £000
Contracted for but not yet provided	<u>1,244</u>	<u>3,382</u>

17. Contingent liabilities

On 30 April 1993 House of Fraser Limited, the Company's parent company, together with House of Fraser Holdings plc, that company's parent company, and House of Fraser Property Investment plc, a fellow subsidiary undertaking, refinanced their then existing bank borrowings. As a result of these refinancing agreements, the Company has provided guarantees for the bank borrowing facilities of the House of Fraser Holdings plc Group amounting to £668.2 million (of which £616.3 million had been drawn down at 30 April 1993), secured on the assets and business of the Company.

18. Parent undertakings

House of Fraser Limited (formerly House of Fraser plc), a company registered in Scotland, is the parent company of the House of Fraser Limited Group, which is the smallest group to consolidate the results of the Company.

The parent company of the largest consolidating group is House of Fraser Holdings plc, a company registered in England and Wales.

The ultimate parent company is Alfayed Investment and Trust S.A., a company incorporated in Liechtenstein. The registered and beneficial owners of the whole of the share capital of that company are Messrs. M. Al Fayed, A. Fayed and S. Fayed.