

Company number: 30209

HARRODS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 JANUARY 1994**



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HARRODS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 29 JANUARY 1994

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HARRODS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 29 January 1994.

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
Mr G. Eggert
Mr J. G. Hawkins
Mr J. M. Walsh (Appointed 6 August 1993)
Mr D. R. Webb

Other directors who served during the year were:

Mr A R Jennings (resigned 5 August 1993)

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

Principal Activity

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

Results and Dividends

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

After payment of dividends for the year of £44,392,000. an amount of £4,010,075 was transferred from reserves.

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

Review of the Business

The directors consider that the results for the year were excellent. The upturn in the economy, particularly in the second half of the year, allowed the Company to capitalise fully on the major refurbishment programme that has taken place in recent years.

That programme has continued during the trading year with major investments in the refurbishment of the restaurant and the kitchens that serve both the food halls and the varied catering outlets.

Group Restructuring

The group comprising Harrods Investments plc (formerly House of Fraser Holdings plc) and its subsidiaries, was restructured on 22 December 1993 in preparation for the flotation of House of Fraser plc (formerly House of Fraser Limited). Further details are set out in note 19 to the financial statements.

Fixed Assets

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

Revaluation of Properties

A valuation of the majority, by value, of the freehold and long leasehold properties was carried out as at 29 January 1994, 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 £8.8 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 Harrods Investments plc, the ultimate parent company in the United Kingdom, no director in office at 29 January 1994 held any beneficial interest in the shares of Harrods Investments plc or any of its subsidiaries at 30 January 1993 or at 29 January 1994. Directors, who were also directors of House of Fraser plc during the year, held non beneficial qualification shares in that company at 30 January 1993 and until the group restructuring on 22 December 1993.

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

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

Charitable and Political Donations

The charitable donations made by the Company and charged in the accounts were £178,012. 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 Gazette" has been issued during the year and has been available to all employees.

Consultations with employees takes place through elected staff committees, health and safety committees and through normal recognised trade union channels. The Harrods Group Pension Plan (formerly 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. Written information about the plan is regularly circulated to both current and potential members.

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

HARRODS LIMITED

DIRECTORS' REPORT (Continued)

The Environment

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

Statements of Directors' Responsibilities

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

The directors consider that in preparing the financial statements, which have been prepared on a going concern basis, on pages 6 to 28, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.


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

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

Auditors

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

By Order of the Board


S Jerman
Secretary
6 April 1994

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF HARRODS LIMITED

We have audited the financial statements on pages 6 to 28 which have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and the accounting policies set out on pages 13 to 15.

Respective responsibilities of director and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 29 January 1994 and of its profit and cash flows for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

6 April 1994

HARRODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 29 JANUARY 1994

	Note	52 weeks Ended 29 January 1994 £000	53 weeks Ended 30 January 1993 As restated £000
TOTAL TURNOVER	1	395,455	346,760
Value Added Tax		<u>(47,212)</u>	<u>(41,562)</u>
Turnover		348,243	305,198
Cost of sales		<u>(216,690)</u>	<u>(191,076)</u>
Gross profit		131,553	114,122
Distribution and store costs		<u>(84,572)</u>	<u>(82,177)</u>
OPERATING PROFIT	2	46,981	31,945
Other income	3	<u>9,139</u>	<u>1,312</u>
PROFIT BEFORE EXCEPTIONAL ITEMS, INTEREST AND TAXATION		56,120	33,257
Exceptional item	4	-	(808)
PROFIT BEFORE INTEREST AND TAXATION		<u>56,120</u>	<u>32,449</u>
Interest	5	<u>(7,504)</u>	<u>(12,807)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48,616	19,642
Taxation	6	<u>(8,234)</u>	<u>(8,900)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,382	10,742
Dividends		<u>(44,392)</u>	<u>(18,200)</u>
TRANSFER FROM RESERVES		<u>(4,010)</u>	<u>(7,458)</u>

The above figures all relate to continuing operations.
A statement of movements on reserves is shown in Note 15.

HARRODS LIMITED

52 weeks Ended 29 January	53 weeks Ended 30 January As Restated
1994 £000	1993 £000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit on ordinary activities after taxation	40,382	10,742
Unrealised surplus on revaluation of properties	<u>8,813</u>	<u>15,199</u>
Total gains and losses relating to the year	49,195	25,941
Prior year adjustment	(3,759)	-
Total gains and losses recognised since last financial statements	<u><u>45,436</u></u>	<u><u>25,941</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	48,616	19,642
Realisation of property revaluation gains of previous years	8,904	3,759
Historical cost profit on ordinary activities before taxation	<u>57,520</u>	<u>23,401</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u><u>4,894</u></u>	<u><u>(3,699)</u></u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

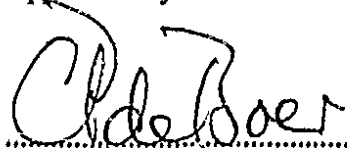
Total recognised gains	49,195	25,941
Less : Dividends paid	<u>(44,392)</u>	<u>(18,200)</u>
Net additions to shareholders' funds	4,803	7,741
Opening shareholders' funds	<u>409,933</u>	<u>402,192</u>
Closing shareholders' funds	<u><u>414,736</u></u>	<u><u>409,933</u></u>

HARRODS LIMITED

BALANCE SHEET AT 29 JANUARY 1994

	Note	29 January 1994 £000	30 January 1993 £000
FIXED ASSETS			
Tangible assets	8	434,604	436,479
Investments	9	<u>2,250</u>	<u>2,275</u>
		<u>436,854</u>	<u>438,754</u>
CURRENT ASSETS			
Stocks	10	24,738	25,604
Debtors due within one year	11	11,508	12,873
Debtors due after more than one year	11	2,186	2,778
Cash at bank and in hand		<u>457</u>	<u>5,083</u>
		38,889	46,343
CREDITORS			
Amounts falling due within one year	12	<u>(59,007)</u>	<u>(72,962)</u>
NET CURRENT LIABILITIES			
		<u>(20,118)</u>	<u>(26,619)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		416,736	412,135
CREDITORS			
Amounts falling due after more than one year	12	-	(202)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>(2,000)</u>	<u>(2,000)</u>
		<u>414,736</u>	<u>409,933</u>
CAPITAL AND RESERVES			
Called up share capital	14	19,200	19,200
Revaluation reserve	15	312,821	312,912
Profit and loss account	15	<u>82,715</u>	<u>77,821</u>
		<u>414,736</u>	<u>409,933</u>

Approved by the Board on 6 April 1994.



C P de Boer



J G Hawkins

HARRODS LIMITED

CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 29 JANUARY 1994

		52 weeks ended 29 January 1994 £000	52 weeks ended 30 January 1993 £000
	Note		
Net cash inflow from operating activities	1	61,180	42,236
<hr/>			
Returns on investments and servicing of finance			
Interest received		5	-
Interest paid		(7,509)	(12,807)
Dividends paid		(44,392)	(18,200)
Dividends received		8,804	1,000
Rent received from properties		335	312
<hr/>			
Net cash outflow from returns on investments and servicing of finance		(42,757)	(29,695)
<hr/>			
Taxation			
Group relief paid		(9,853)	(7,210)
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Tax paid		(9,853)	(7,210)
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Investing activities			
Cost of planning permission on abortive project		-	(277)
Sale of property		-	3,207
Purchase of tangible fixed assets		(9,046)	(7,459)
Sale of tangible fixed assets		-	22
Group transfer of tangible fixed assets		11,265	-
<hr/>			
Net cash inflow/(outflow) from investing activities		2,219	(4,507)
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Net cash inflow before financing		10,789	824
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HARRODS LIMITED

CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 29 JANUARY 1994

	52 weeks ended 29 January 1994 Note £000	52 weeks ended 30 January 1993 £000
FINANCING		
Capital element of finance lease payments	4 (971)	(718)
Repayment of amounts borrowed	(15,132)	-
	<hr/>	<hr/>
Net cash outflow from financing	(16,103)	(718)
	<hr/>	<hr/>
(Decrease)/Increase in cash and cash equivalents	3 (5,314)	106
	<hr/>	<hr/>

HARRODS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 29 JANUARY 1994

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

	52 weeks ended 29 January 1994 £000	53 weeks ended 30 January 1993 £000
Operating profit	46,981	32,222
Depreciation	7,915	7,600
Loss/(Profit) on disposal of assets	29	(2)
Write off of investment in subsidiary	340	-
Decrease in stocks	866	1,485
Decrease/(Increase) in debtors	1,644	(4,043)
Increase in creditors	3,405	4,974
Net cash inflow from operating activities	<u>61,180</u>	<u>42,236</u>

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

Balance brought forward	5,088	4,982
Net cash (outflow)/inflow	(5,314)	106
Balance carried forward	<u>(226)</u>	<u>5,088</u>

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

	29 January 1994 £000	30 January 1993 £000	Change in year £000
Cash and bank balances	457	5,088	(4,631)
Bank overdrafts	(683)	-	(683)
	<u>(226)</u>	<u>5,088</u>	<u>(5,314)</u>

HARRODS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 29 JANUARY 1994

4 Analysis of changes in financing during the year

	29 January 1994 £000	30 January 1993 £000	Change in year £000
Loans to group companies	10,000	25,132	(15,132)
Finance lease obligations	-	971	(971)
	<u>10,000</u>	<u>26,103</u>	<u>(16,103)</u>

HARRODS LIMITED

ACCOUNTING POLICIES

Basis of financial statements

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

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

Changes in presentation of the financial statements

Due to the adoption of Financial Reporting Standard (FRS) 3 "Reporting Financial Performance", comparative figures have been restated. In particular, FRS 3 prescribes a new format for the profit and loss account, virtually eliminating extraordinary items and requiring that profits or losses on the disposal of fixed assets should be arrived at by reference to the difference between the net sale proceeds and the net carrying amount. Separate disclosure of discontinued operations which have a material effect on the nature and focus of the Group's activity is also required. In addition, a statement of total recognised gains and losses, a note of the historical cost profits and losses and a reconciliation of movements in shareholders' funds are now required. A statement reconciling the prior year profit before taxation on the pre FRS 3 basis to that reported under FRS 3 is given below:

	53 weeks Ended 30 January 1993 £000
Profit before taxation - as originally stated	23,401
Adjustment to restate net profit before taxation for loss on disposal of fixed assets	(3,759)
Profit before taxation - as restated	<u>19,642</u>

This change has no overall effect on the balance sheet or cash flow statement of the Company.

HARRODS LIMITED

ACCOUNTING POLICIES (Continued)

Stocks

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

Depreciation of tangible fixed assets

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

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

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

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 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.

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.

Property sales

The surplus on the disposal of properties is determined by reference to their revalued carrying value.

HARRODS LIMITED

ACCOUNTING POLICIES

Deferred taxation

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

Pensions

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

Turnover

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

Foreign currency

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

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	52 weeks Ended 29 January 1994 £000	53 weeks Ended 30 January 1993 £000
1 Turnover arises entirely within the United Kingdom.	<u>348,243</u>	<u>305,198</u>
2 Operating profit is stated after charging:		
Depreciation of tangible fixed assets	7,200	6,885
Depreciation of assets held under finance leases	715	715
Auditors' remuneration:		
-Audit fees	98	93
-Non audit fees	32	-
Hire of plant and machinery	<u>341</u>	<u>177</u>
3 Other income		
Rental income	335	312
Income from shares in group undertakings	<u>8,804</u>	<u>1,000</u>
	<u>9,139</u>	<u>1,312</u>
4 Exceptional item		
Loss on disposal of fixed asset	<u>-</u>	<u>(808)</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	52 weeks Ended 29 January 1994 £000	53 weeks Ended 30 January 1993 £000
5 Interest		
Interest receivable:		
From subsidiary undertakings	<u>5</u>	<u>-</u>
Interest payable:		
Loans from the parent undertaking	(7,473)	(12,687)
Finance leases	<u>(36)</u>	<u>(120)</u>
	<u>(7,509)</u>	<u>(12,807)</u>
	<u>(7,504)</u>	<u>(12,807)</u>
6 Taxation		
Taxation based on the profits for the year:		
Group relief	(8,201)	(9,854)
Deferred tax	-	(1,097)
Corporation tax (at 33%)	(33)	(46)
Adjustment of provisions for earlier years:		
Deferred tax	<u>-</u>	<u>2,097</u>
	<u>(8,234)</u>	<u>(8,900)</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	52 weeks Ended 29 January 1994 £000	53 weeks ended 30 January 1993 £000
7 Information regarding directors and employees		
Emoluments including pension contributions	918	585
Compensation for loss of office	-	104
	<u>918</u>	<u>689</u>
Emoluments of Chairman	-	-
Emoluments of highest paid director	<u>277</u>	<u>192</u>

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

	Number	Number
£0 - £5,000	6	5
£5,001 - £10,000	-	1
£25,001 - £30,000	-	1
£60,001 - £65,000	-	1
£75,001 - £80,000	-	1
£100,001 - £105,000	-	1
£115,001 - £120,000	-	1
£135,001 - £140,000	1	-
£150,001 - £155,000	1	-
£160,000 - £165,000	1	-
£185,001 - £190,000	1	-
£190,001 - £195,000	-	1
£275,001 - £280,000	1	-
	<u>1</u>	<u>-</u>

Staff costs

Wages and salaries	49,901	44,638
Social security costs	3,910	3,571
Other pension costs	432	(1,364)
	<u>54,243</u>	<u>46,845</u>

The average weekly number of employees during the year was 3,627 (1993: 3,468).

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Information regarding directors and employees (continued)

Pensions

During the year, the Company participated in the Harrods Group Pension Plan (formerly House of Fraser Group Pension Plan), which operated as a defined benefit group pension scheme in the United Kingdom.

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

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

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

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

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

The Group's pension charge for the 52 weeks to 29 January 1994 is based on the total surplus as follows :

	52 weeks ended 29 January 1994 £000	53 weeks ended 30 January 1993 £000
Regular cost	2,432	2,295
Variation	(2,000)	(3,659)
Net pension charge/(credit)	<u>432</u>	<u>(1,364)</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Information regarding directors and employees (continued)

The pension prepayment is as follows :

	29 January 1994 £000	30 January 1993 £000
Opening balance	2,618	1,254
(Charge) / credit to the profit and loss	(432)	1,364
	<hr/>	<hr/>
Closing balance	2,186	2,618
	<hr/>	<hr/>

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

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

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 30 January 1993	474,203	389,607	1,390	1,865	81,341
Additions	8,522	3,531	-	-	4,991
Disposals	(1,536)	(29)	-	-	(1,507)
Group transfers	(11,222)	(11,275)	-	-	53
Revaluation	8,813	8,893	(80)	-	-
Cost and valuation at 29 January 1994	<u>478,780</u>	<u>390,727</u>	<u>1,310</u>	<u>1,865</u>	<u>84,878</u>
Aggregate depreciation at 30 January 1993	37,724	-	-	273	37,451
Charge for year	7,916	-	-	90	7,826
Disposals	(1,507)	-	-	-	(1,507)
Group transfers	43	-	-	-	43
Aggregate depreciation at 29 January 1994	<u>44,176</u>	<u>-</u>	<u>-</u>	<u>363</u>	<u>43,813</u>
Net book value at 29 January 1994	<u>434,604</u>	<u>390,727</u>	<u>1,310</u>	<u>1,502</u>	<u>41,065</u>
Net book value at 30 January 1993	<u>436,479</u>	<u>389,607</u>	<u>1,390</u>	<u>1,592</u>	<u>43,890</u>
Cost and valuation:					
Directors' valuation 1994	387,180	385,870	1,310	-	-
Cost	91,600	4,857	-	1,865	84,878
	<u>478,780</u>	<u>390,727</u>	<u>1,310</u>	<u>1,865</u>	<u>84,878</u>

The cost element of freehold land and buildings of £4.9 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 29 January 1994 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 29 January 1994.

Included in the cost of fixed tangible assets is £2,543,033 (net of tax) of capitalised interest (1993 £2,476,033) of which £67,000 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 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	<u>123,567</u>	<u>77,985</u>	<u>100</u>	<u>1,592</u>	<u>43,890</u>
Historical cost at 29 January 1994	165,959	79,116	100	1,865	84,878
Depreciation to 29 January 1994	(44,176)	-	-	(363)	(43,813)
Net historical cost at 29 January 1994	<u>121,783</u>	<u>79,116</u>	<u>100</u>	<u>1,502</u>	<u>41,065</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Fixed assets - investments

	Total £000	Subsidiary Undertakings £000	Fixed Asset Investments £000
Shares at cost and net book value:			
At 30 January 1993	2,275	25	2,250
Written off during the year	(25)	(25)	-
At 29 January 1994	<u>2,250</u>	<u>0</u>	<u>2,250</u>

Shares in subsidiary undertakings:

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

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

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Fixed assets - investments (continued)

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

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

	29 January 1994 £000	30 January 1993 £000
10 Stocks		
Finished goods and goods for resale	24,738	25,604
	<u>24,738</u>	<u>25,604</u>

There was no significant difference between the replacement cost of stocks at 29 January 1994 and the amount at which they are stated in the financial statements.

11 Debtors

Amounts due within one year:

Trade debtors	5,693	5,275
Amounts owed by subsidiary undertakings	2,383	4,935
Other debtors	2,662	1,598
Prepayments and accrued income	770	1,065
	<u>11,508</u>	<u>12,873</u>

Amounts due after more than one year:

Amounts owed by subsidiary undertakings	-	160
Pension contributions prepaid	2,186	2,618
	<u>2,186</u>	<u>2,778</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	29 January 1994 £000	30 January 1993 £000
12 Creditors		
Amounts falling due within one year:		
Bank loans and overdrafts	683	-
Trade creditors	21,061	20,138
Amounts owing to parent undertakings	18,440	35,560
Amounts owing to group undertakings	1,820	1,628
Other creditors	3,824	4,642
Other taxes and social security	6,679	5,966
Accruals and deferred income	6,500	5,028
	<u>59,007</u>	<u>72,962</u>
Amounts falling due after more than one year:		
Other creditors	-	202
	<u>-</u>	<u>202</u>
Leasing commitments		
Net obligations under finance leases are:		
Repayable within one year	-	769
Repayable between one and five years	-	202
	<u>-</u>	<u>971</u>

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	29 January 1994 £000	30 January 1993 £000
13 Deferred taxation		
Provided in respect of capital allowances:		
Balance at 30 January 1993	2,000	3,000
Credit for the year	-	(1,000)
Balance at 29 January 1994	<u>2,000</u>	<u>2,000</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	53,789	53,515
Corporation tax on capital gains	7,827	7,735
	<u>67,616</u>	<u>67,250</u>

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 replacement of business assets relief would eliminate any liability which could otherwise result from disposals.

Deferred taxation has not been provided in respect of the pension prepayment as at the year end 29 January 1994 as a tax liability will not crystallize as a result of any timing difference.

14 Called up share capital

Ordinary shares of 10p:

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

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Reserves

	Revaluation reserve £000	Profit & loss account £000	Total £000
Balance at 30 January 1993	312,912	77,821	390,733
Transfer from reserves	-	(4,010)	(4,010)
Revaluation surplus	8,813	-	8,813
Revaluation surplus realised on disposal	(8,904)	8,904	-
Balance at 29 January 1994	<u>312,821</u>	<u>82,715</u>	<u>395,536</u>

16 Capital commitments

	29 January 1994 £000	30 January 1993 £000
Authorised but not yet provided for	<u>6,234</u>	<u>1,244</u>

17 Contingent liabilities

At 29 January 1994, the bank borrowing facilities of the Company's holding companies, Harrods Investments plc (formerly House of Fraser Holdings plc) and Harrods Holdings plc (formerly House of Fraser Property Investments plc), were secured over the assets and businesses of Harrods Limited. On 6 April 1994, these facilities were repaid in full. On the same date, Harrods Investments plc negotiated a new facility of £130 million, which together with the Harrods Investments plc group's working capital facilities, is guaranteed by Harrods Limited.

HARRODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	29 January 1994 £000	30 January 1993 £000
18 Obligations under operating leases		
Repayable within one year	17,866	25,832
Repayable between one and five years	152,489	88,869
	<hr/>	<hr/>
	<u>170,355</u>	<u>114,701</u>

19 Parent undertakings

The group comprising Harrods Investments plc (formerly House of Fraser Holdings plc) and its subsidiaries, was restructured on 22 December 1993 in preparation for the flotation of House of Fraser plc (formerly House of Fraser Limited). As a result of this reorganisation, the Company's immediate parent company is now Harrods Holdings plc (formerly House of Fraser Property Investments plc), a company registered in England and Wales.

Harrods Investments plc (formerly House of Fraser Holdings plc), a company registered in England and Wales, is the parent company of the largest Group which consolidates the results of the company.

In due course, the financial statements of Harrods Investments plc (formerly House of Fraser Holdings plc) will be filed with the Registrar of Companies.

Harrods Holdings plc (formerly House of Fraser Property Investments plc), a company registered in England and Wales, is the parent company of the smallest Group which consolidates the results of the company.

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 issued share capital of that Company are Messrs. M. Al Fayed, A. Fayed and S. Fayed.