Registered number: 5990648

Harrods Group (Holding) Limited

Annual Report and Financial Statements

For the Period Ended 30 January 2016



Harrods Group (Holding) Limited

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Harrods Group (Holding) Limited

Directors' report
For the period ended 30 January 2016

The directors present their report together with the audited consolidated financial statements of Harrods Group (Holding) Limited and its subsidiary companies ("the group") financial statements for the 52 week period ended 30 January 2016.

Principal activity

The principal activity of the company is that of an investment holding company.

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.

Other group activities include aviation services business from London's Luton and Stansted airports, 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. The group also operates in the real estate business through Harrods Estates and operates an insurance broker, Genavco Insurance, as well as banking operations through Harrods Bank.

Results and dividends

Turnover for the period to 30 January 2016 totalled £839.7m (2015: £821.5m).

The profit for the period, after taxation, amounted to £84.2m (2015: £87.2m). The company declared a dividend in the period of £29.5m (2015: £70.3m).

Directors

The directors who served during the period were:

H.E. Sheikh Hamad Bin Jassim Bin Jaber Al Thani
H.E. Sheikh Abdulla bin Mohammed bin Saoud Al Thani
H.E. H A Al-Abdulla
H.E. A M Al-Sayed (resigned 2 February 2015)
M A Ward
J P Edgar
S J Brown

Going Concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disabled employees

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 donations

The charitable donations made by the group and charged in the financial statements were £0.1m (2015: £0.1m). 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 34 days (2015: 31 days).

Carbon footprint

Harrods Limited have commissioned a Carbon footprint study of their UK operation including the Knightsbridge Store, Distribution Centres, associated offices and car park for the time coinciding with the financial period ending 31 January 2015, covering Scope 1 and 2 under the principles of the World Business Council for Sustainable Development (WBCSD) GHG Protocol. The Harrods Total Carbon Footprint is 22,114 Co2 tonnes (2015: 23,113 Co2t).

Harrods is committed to a year on year carbon reduction.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Post balance sheet events

On 1 February 2016, Harrods Commercial Property Limited was transferred to QH Partners Limited from Harrods Limited, for a consideration of £65.8m, by way of an intercompany loan.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and was signed on its behalf on 28 November 2016:



D J Webster
Company secretary
Harrods Group (Holding) Limited

Registered office:
87-135 Brompton Road
Knightsbridge
London
SW1X 7XL

Harrods Group (Holding) Limited

Directors' Responsibilities Statement
For the Period Ended 30 January 2016

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and 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 the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and the Group 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board and was signed on its behalf on 28 November 2016:



D J Webster
Company secretary
Harrods Group (Holding) Limited

87-135 Brompton Road
Knightsbridge
London
SW1X 7XL

Group Strategic Report
For the Period Ended 30 January 2016

Business review

The directors present their strategic report for the period from 1 February 2015 to 30 January 2016.

Results of ordinary activities before exceptional items

For the period ended 30 January 2016, Gross Transaction Value grew by 3.4% to £1,756.1m (2015: £1,698.3m) whilst group turnover grew 2.1% to £839.7m (2015: £822.5m). As a result, operating profit increased to £195.9m (2015: £142.9m). Excluding the impact of the Harrods Property Limited acquisition, profit for the period increased to £161.8m, a 13.2% increase year on year.

Below is a table showing Gross Transaction Value which is a measure of retail turnover on a gross basis before adjusting for concessions, consignments, staff discounts and the cost of loyalty scheme points. The Gross Transaction Value also includes turnover of other non-retail subsidiaries. The board believes that Gross Transaction Value represents a good guide to the overall activity of the group.

	Period ended 30 Jan 2016 £m	Period ended 31 Jan 2015 £m	Growth £m	Growth %
Gross Transaction Value (Incl VAT)	**1,756.1**	**1,698.3**	**57.8**	**3.4%**
Gross Transaction Value (Excl VAT)	**1,493.8**	**1,446.1**	**47.7**	**3.3%**
Turnover	**839.7**	**821.5**	**18.2**	**2.2%**

The year saw a significant programme of capital expenditure, with total additions of £42.8m (2015: £55.1m). This year focus continued on investing in luxury boutiques primarily in our Knightsbridge store but also at the airports. This level of capital expenditure is expected to continue in 2016.

On 29 April 2015, Harrods Holdings Limited, a subsidiary of the company, entered into a new loan facility with a banking syndicate comprising a term loan of £650 million and a revolving credit facility of £200 million for a period of five years. The loan and facility were secured by way of a floating charge on the assets of the borrowing company and its subsidiaries, and a fixed charge on specific assets under the ownership of the borrowing company's subsidiaries. This loan was then used to repay the existing bank loan in Harrods Property Limited, a related party, via the issue of an intercompany loan to Harrods Property Limited.

Harrods Property Limited, owner of the Knightsbridge property, was acquired by Harrods Limited during the period and the entity's financial performance and statement of financial position has been consolidated into the group from this date (8 May 2015). As a result, there is a large increase in tangible assets, debtors and long-term liabilities year on year, as well as a decrease in rent expense due to the internalisation of the property.

On 21 October 2015, the company acquired Harrods Property Investments S.a.r.l. and its subsidiary, Harrods Property Holdings Limited, through the issue of 46,183,167 ordinary shares to previous holding company, QH Property Holdings Limited, for a consideration of £229.1m. The Group has applied merger accounting principles when consolidating these entities and included the entity figures from the earliest reporting date in these financial statements, 2 February 2014.

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

(i) Events impacting the level of international travel to the UK, including terrorism and natural disasters

(ii) The state of the economy and its impact on the retail environment

(iii) Staff retention and recruitment

The directors continue to re-assess and monitor risk through the risk management committee and mitigation plans are put in place accordingly. Security and internal audit work together and with our insurers to monitor and remedy operational risks on an on-going basis.

Credit risk
Due to the nature of the group's operations, exposure to credit risk from trading is not considered to be material.

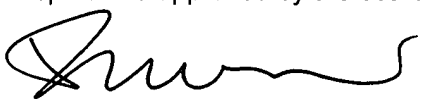
There are no long overdue debts or non-current group receivables at 30 January 2016 (2015: £285.6m).

Currency risk
The group is exposed to foreign exchange risk on overseas purchasing, but only approximately 10.0% (2015: 10.0%) 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. Additionally, the group accepts foreign currency in the Knightsbridge store and airport outlets and retains this currency to settle foreign currency obligations.

KPIs

There are no other KPIs required to be reported at a group level other than turnover and profit that would give a fuller understanding of the group business.

This report was approved by the board and was signed on its behalf on 28 November 2016:



D J Webster
Company secretary
Harrods Group (Holding) Limited

87-135 Brompton Road
Knightsbridge
London
SW1X 7XL

Independent auditor's report to the shareholders of Harrods Group (Holding) Limited

We have audited the consolidated financial statements of Harrods Group (Holding) Limited for the period ended 30 January 2016, set out on pages 8 to 45, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 audit 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 Auditor's 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 DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place
London
SE1 2AF

Date: 28 November 2016

Harrods Group (Holding) Limited

Consolidated Statement of Comprehensive Income
For the Period Ended 30 January 2016

	Note	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Turnover	2	**839.7**	*821.5*
Cost of sales		**(355.0)**	*(365.5)*
Gross profit		**484.7**	*456.0*
Distribution costs		**(257.7)**	*(288.3)*
Administrative expenses		**(68.1)**	*(57.2)*
Other operating income	3	**32.6**	*32.2*
Fair value movements		**4.4**	*0.2*
Operating profit	3	**195.9**	*142.9*
Interest receivable and similar income	4	**0.4**	*1.9*
Interest payable and expenses	5	**(83.0)**	*(30.6)*
Profit before taxation		**113.3**	*114.2*
Tax on profit	8	**(29.1)**	*(27.0)*
Profit for the period		**84.2**	*87.2*
Attributable to non-controlling interests		**(0.3)**	*0.1*
Profit attributable to owners of the parent company		**83.9**	*87.3*
Actuarial gains/(losses) on defined benefit pension scheme	21	**21.5**	*(30.5)*
Movement of deferred tax relating to pension surplus	21	**(3.9)**	*5.5*
Other comprehensive income for the period		**17.6**	*(25.0)*
Total comprehensive income for the period attributable to owners of the parent company		**101.5**	*62.3*

The notes on pages 16 to 45 form part of these financial statements.

Turnover and operating profit are derived wholly from continuing operations.

Harrods Group (Holding) Limited

Consolidated Balance Sheet
As at 30 January 2016

	Note	30 January 2016 £M	*31 January 2015 £M*
Fixed assets			
Intangible assets	11	**445.5**	*449.6*
Tangible assets	12	**1,298.6**	*270.7*
Investments	13	**1.6**	*-*
		1,745.7	*720.3*
Current assets			
Stocks	16	**93.8**	*91.7*
Debtors: amounts falling due after more than one year	17	**194.6**	*330.4*
Debtors: amounts falling due within one year	17	**59.0**	*57.0*
Cash at bank and in hand		**247.6**	*151.3*
Deferred tax asset	8	**41.1**	*-*
		636.1	*630.4*
Creditors: amounts falling due within one year	18	**(1,703.7)**	*(1,293.7)*
Net current liabilities		**(1,067.6)**	*(663.3)*
Total assets less current liabilities		**678.1**	*57.0*
Creditors: amounts falling due after more than one year	18	**(689.2)**	*(328.5)*
Deferred tax liability	8	**-**	*(1.2)*
Net assets excluding pension asset/(liability)		**(11.1)**	*(272.7)*
Pension asset/(liability)	21	**24.0**	*(9.5)*
Net assets		**12.9**	*(282.2)*
Capital and reserves			
Called up share capital	19	**3.8**	*3.3*
Share premium account	19	**264.5**	*35.9*
Revaluation reserve		**(0.3)**	*(0.3)*
Other reserves		**(0.6)**	*-*
Profit and loss account		**(256.1)**	*(322.4)*
Equity attributable to owners of the parent company		**11.3**	*(283.5)*
Non-controlling interest		**1.6**	*1.3*
Total Equity		**12.9**	*(282.2)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 November 2016:



J P Edgar
Director

The notes on pages 16 to 45 form part of these financial statements.

Harrods Group (Holding) Limited

(Registration number: 5990648)
Company Balance Sheet
As at 30 January 2016

	Note	30 January 2016 £M	*31 January 2015 £M*
Fixed assets			
Investments	13	**285.2**	*56.2*
		285.2	*56.2*
Current assets			
Debtors: amounts falling due after more than one year	17	**0.8**	*39.7*
Debtors: amounts falling due within one year	17	**67.8**	*68.6*
Cash at bank and in hand		**2.3**	*2.9*
		70.9	*111.2*
Creditors: amounts falling due within one year	18	**(73.8)**	*(113.9)*
Net current liabilities		**(2.9)**	*(2.7)*
Total assets less current liabilities		**282.3**	*53.5*
Net assets		**282.3**	*53.5*
Capital and reserves			
Called up share capital	19	**3.8**	*3.3*
Share premium account	19	**264.5**	*35.9*
Profit and loss account		**14.0**	*14.3*
Total Equity		**282.3**	*53.5*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 November 2016:

J P Edgar
Director

The notes on pages 16 to 45 form part of these financial statements.

Harrods Group (Holding) Limited

Consolidated Statement of Changes in Equity
As at 30 January 2016

	Share capital (restated) £M	Share premium (restated) £M	Revaluation reserve £M	Other reserves £M	Profit and loss account* £M	Non-controlling interest £M	Total equity £M
At 1 February 2015	**3.3**	**35.9**	**(0.3)**	**-**	**(322.4)**	**1.3**	**(282.2)**
New share issue	**0.5**	**228.6**	**-**	**-**	**-**	**-**	**229.1**
Adjustment on acquisition and write down of investments in subsidiaries	**-**	**-**	**-**	**-**	**(5.7)**	**-**	**(5.7)**
Movement in hedging reserve	**-**	**-**	**-**	**(16.7)**	**-**	**-**	**(16.7)**
Write down of Harrods Bank shareholder loan	**-**	**-**	**-**	**16.1**	**-**	**-**	**16.1**
Profit for the period	**-**	**-**	**-**	**-**	**83.9**	**0.3**	**84.2**
Actuarial gain on pension scheme	**-**	**-**	**-**	**-**	**17.6**	**-**	**17.6**
Dividends: Equity Capital	**-**	**-**	**-**	**-**	**(29.5)**	**-**	**(29.5)**
At 30 January 2016	**3.8**	**264.5**	**(0.3)**	**(0.6)**	**(256.1)**	**1.6**	**12.9**

* Amounts have been restated to include the impacts of the transition from UK GAAP to FRS102 accounting treatment. Refer to note 27 for further detail.

Harrods Group (Holding) Limited

Consolidated Statement of Changes in Equity
As at 31 January 2015

	Share capital (restated) £M	Share premium (restated) £M	Revaluation reserve £M	Profit and loss account* £M	Non-controlling interest £M	Total equity £M
At 2 February 2014	3.3	35.9	(0.3)	(314.4)	1.4	(274.1)
Profit for the period	-	-	-	87.3	(0.1)	87.2
Actuarial loss on pension scheme	-	-	-	(25.0)	-	(25.0)
Dividends: Equity Capital	-	-	-	(70.3)	-	(70.3)
At 31 January 2015	3.3	35.9	(0.3)	(322.4)	1.3	(282.2)

* Amounts have been restated to include the impacts of the transition from UK GAAP to FRS102 accounting treatment. Refer to note 27 for further detail.

Harrods Group (Holding) Limited

Company Statement of Changes in Equity
As at 30 January 2016

	Share capital (restated)	Share premium (restated)	Profit and loss account*	Total equity
	£M	£M	£M	£M
At 1 February 2015	3.3	35.9	14.3	53.5
New share issue	0.5	228.6	-	229.1
Profit for the period	-	-	28.6	28.6
Dividends: Equity capital	-	-	(28.9)	(28.9)
At 30 January 2016	3.8	264.5	14.0	282.3

Company Statement of Changes in Equity
As at 31 January 2015

	Share capital (restated)	Share premium (restated)	Profit and loss account*	Total equity
	£M	£M	£M	£M
At 2 February 2014	3.3	35.9	0.6	39.8
Profit for the period	-	-	82.3	82.3
Dividends: Equity capital	-	-	(68.6)	(68.6)
At 31 January 2015	3.3	35.9	14.3	53.5

* Amounts have been restated to include the impacts of the transition from UK GAAP to FRS102 accounting treatment. Refer to note 27 for further detail.

The notes on pages 16 to 45 form part of these financial statements.

Harrods Group (Holding) Limited

Consolidated Statement of Cash Flows
For the Period Ended 30 January 2016

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Cash flows from operating activities		
Profit for the financial period	**84.2**	*87.2*
Adjustments for:		
Depreciation, amortisation and impairment of assets	**55.8**	*48.4*
Loss on disposal of assets	**-**	*0.9*
Increase in stocks	**(2.1)**	*(2.1)*
Interest expense	**83.0**	*33.2*
Interest income	**(0.4)**	*(3.3)*
Fair value movements	**(4.4)**	*(0.2)*
Taxation expense	**29.1**	*27.0*
(Increase)/decrease in debtors	**(1.0)**	*2.1*
Harrods Bank advances to customers	**(149.8)**	*(39.0)*
(Increase)/Decrease in creditors	**9.1**	*(1.1)*
Harrods Bank customer deposits	**242.6**	*11.7*
Defined benefit contributions	**(20.3)**	*(15.9)*
FRS102 non-cash adjustments	**0.2**	*0.7*
Corporation tax paid	**(9.8)**	*(11.0)*
Net cash generated from operating activities	**316.2**	*138.6*
Cash flows from investing activities		
Purchase of fixed assets	**(47.3)**	*(54.7)*
Interest received	**0.4**	*2.0*
Net cash from investing activities	**(46.9)**	*(52.7)*

Consolidated Statement of Cash Flows (continued)
For the Period Ended 30 January 2016

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Cash flows from financing activities		
New secured loans	**778.1**	-
Repayment of loans and finance leases	**(1.8)**	*(6.8)*
New loans (to)/from group companies	**(835.6)**	*34.9*
Dividends paid	**(70.0)**	*(227.5)*
Interest paid	**(43.7)**	*(30.4)*
Net cash used in financing activities	**(173.0)**	*(229.8)*
Net increase / (decrease) in cash and cash equivalents	**96.3**	*(143.9)*
Cash and cash equivalents at the beginning of period	**151.3**	*295.2*
Cash and cash equivalents at the end of period	**247.6**	*151.3*
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**247.6**	*151.3*
	247.6	*151.3*

The notes on pages 16 to 45 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Application of FRS 102 is required for all accounting periods beginning on or after 1 January 2015 (the effective date). This is the first year of adoption for both the group and company. In accordance with section 35.6, the standard has been applied to all comparatives (reported balances for financial periods ending 31 January 2015 and 1 February 2014) and related information.

Information on the impact first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 February 2015.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

1.3 Revenue (continued)

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;

1.4 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.

1.5 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.

1.6 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.

1.7 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.8 Financial instruments

The Group enters into basic and non-basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties, derivatives and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

1.8 Financial instruments (continued)

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

i. at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
ii. at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss. The Group applies the principles of hedge accounting for interest rate derivatives only and does not apply these principles for foreign exchange derivatives.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Intercompany debtors are measure in the same manner.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Intercompany creditors are measured in the same manner.

1.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life, with current goodwill being amortised over a period of fifty years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	25 - 50 years
Long-term leasehold property	-	25 - 50 years
Short-term leasehold property	-	Remaining period of lease
Plant and machinery	-	5 - 25 years
Vehicles and equipment	-	4 - 7 years
Fixtures and fittings	-	3 - 20 years
Office equipment	-	3 – 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

1.12 Tangible fixed assets (continued)

Investment property is presented within 'freehold and long leasehold properties' and is stated at fair value at the date of the revaluation, with changes in fair value recognised in profit or loss. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

1.13 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.14 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 represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

1.15 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 31 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.16 Goodwill

Goodwill is amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of each financial year

1.17 Stocks

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

1.18 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.

1.19 Foreign currency translation

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

1.20 Pensions

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 company employees are members of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the company. Payment is made to the pension trust, which is separate from the company, 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 recognised only to the extent that it is recoverable by the company. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits includes the interest cost on the scheme liabilities for the period and the interest income on the scheme assets and are included in finance costs. In addition, administrative expenses which are funded by the group are also charged to the profit and loss account under operating costs.

Actuarial gains and losses including return on assets in excess or short of the interest income as well as movement in the liabilities due to changes in assumptions net of the interest costs as well as experience adjustments are recorded in other comprehensive income.

Disclosure has been made of the assets and liabilities under FRS102 sections 28.41 and 28.41A.

1.21 Loyalty points

Loyalty points are treated as a deduction in sales. Part of the fair value of consideration received is deferred and subsequently recognised when the award is redeemed. The fair value of the points awarded is determined with reference to the fair value of the customer redemption rate.

1.22 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2. Analysis of turnover

Analysis of turnover by country of destination is given below:

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
United Kingdom	**833.4**	*814.9*
Sales – Europe	**1.5**	*1.0*
Sales - Rest of the world	**4.8**	*5.6*
	839.7	*821.5*

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

3. Operating profit

The operating profit is stated after charging:

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Operating lease – rent payable to related party	**12.1**	*47.5*
Depreciation, amortisation and impairment of assets	**55.8**	*48.4*
Auditors remuneration	**0.3**	*0.5*
Advertising, royalties and similar income	**(32.6)**	*(32.2)*

4. Other interest receivable and similar income

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Bank interest receivable	**0.4**	*1.9*
	0.4	*1.9*

5. Interest payable and similar charges

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Bank interest payable	**13.4**	*0.2*
Other interest payable	**68.9**	*30.0*
Interest on pension	**-**	*0.4*
Interest payable on group loans	**0.7**	*-*
	83.0	*30.6*

6. Employees

The aggregate payroll costs (including directors' remuneration) were as follows:	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Wages and salaries	**139.4**	*132.9*
Social security costs	**14.2**	*13.8*
Cost of defined contribution scheme	**5.1**	*5.3*
	158.7	*152.0*

The average number of employees (including directors) during the period, analysed by category, was as follows:

	2016 No.	*2015 No.*
Administration and support	*232*	*217*
Production	*596*	*580*
Sales, marketing and distribution	*3,647*	*3,420*
	4,475	*4,217*

7. Directors' remuneration

The directors' remuneration in respect of qualifying services for the period was as follows:	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Directors' emoluments	**2.4**	*1.9*

7. Directors' remuneration (continued)

Included in emoluments for the period ended 30 January 2016 are pension contributions of £0m (2015: £0m). The value of emoluments incurred directly by the company was £0.1m (2015: £0.1m). Emoluments incurred by the group's subsidiary undertakings were £2.3m (2015: £1.8m). There are no directors to whom retirement benefits are accruing under a defined benefit pension scheme (2015: 0) and 1 director to whom retirement benefits are accruing under a defined contribution scheme (2015: 1).

The aggregate remuneration of the highest paid director in respect of qualifying services was £1.6m (2015: £1.3m).

8. Taxation

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Current tax		
Corporation tax	**19.2**	*25.1*
Group relief payable	**(1.3)**	-
Foreign Tax	**0.2**	-
Adjustment in respect of prior years – corporation tax	**0.5**	*0.2*
Adjustment in respect of prior years – group relief	**(0.3)**	*(0.3)*
Total current tax	**18.3**	*25.1*
Deferred tax		
Accelerated capital allowances	**1.5**	*(0.7)*
Origination and reversal of timing differences	**0.4**	-
FRS102 adjustments	**0.7**	*(1.4)*
Derivatives	**4.4**	-
Deferred Tax on Pension scheme	**3.5**	*3.9*
Other adjustments	**0.2**	-
Adjustment in respect of prior years	**0.1**	*0.1*
Total Deferred tax	**10.8**	*1.9*
Total tax on profit on ordinary activities	**29.1**	*27.0*
Tax included in the other comprehensive income		
Deferred Tax on Pension scheme	**3.9**	*(5.5)*
Tax on total comprehensive income	**33.0**	*21.5*

8. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is greater than *(2015 - greater than)* the standard rate of corporation tax in the UK of 20.16% *(2015 - 21.32%)*. The differences are explained below:

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Profit on ordinary activities before tax	**113.3**	*114.2*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	**22.8**	*24.3*
Effects of:		
Expenses not deductible	**6.7**	*3.3*
Adjustments to tax charge in respect of changes in rates	**(0.8)**	*(0.7)*
Adjustments to tax charge in respect of prior periods	**0.4**	*0.1*
Total tax charge for the year	**29.1**	*27.0*

Factors that may affect future tax charges

The standard rate of tax applied to profit on ordinary activities is 20.16% (2015: 21.32%). The tax rate for the year has reduced following the gradual reduction of the corporation tax rates introduced in Finance Act 2013, with a tax rate of 20% applicable from 1 April 2015.

Following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015, future tax rates will further decrease from 20% to 19% from 1 April 2017 and then down to 18% from 1 April 2020. As a result, deferred tax balances have been calculated using 18% on the basis that the assets/liabilities are expected to unwind over a number of years.

On 16 March 2016 the Chancellor of the exchequer announced in his Budget that corporation tax rates will further decrease to 17% and this will replace the expected decrease to 18% from 1 April 2020.

8. Taxation (continued)

Deferred taxation	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Capital allowances and other timing differences	**0.7**	*(2.1)*	-	-
Derivative instruments	**45.0**	*0.1*	-	-
General Provisions	**0.8**	*1.0*	-	-
Forex spot rate adjustments	-	*0.2*	-	-
Property revaluations	**(5.4)**	*(0.4)*	-	-
Deferred tax asset/(liability)	**41.1**	*(1.2)*	-	-

Deferred tax reconciliation

	Group £M
At 1 February 2015	**(1.2)**
Deferred tax charged to profit and loss	**(10.8)**
Less: Deferred tax on defined benefit pension scheme	**3.5**
Acquisition of subsidiary undertaking	**49.5**
Other timing differences	**0.1**
At 30 January 2016	**41.1**

9. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the period was £28.7 million *(2015 - £82.3 million)*.

10. Dividends

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
Dividends declared and not yet paid	**29.5**	*70.3*
	29.5	*70.3*

11. Intangible assets

Group	Software £M	Goodwill £M	Total £M
Cost			
At 1 February 2015	**9.0**	**516.2**	**525.2**
Additions	**7.6**	**-**	**7.6**
Disposals	**(2.3)**	**-**	**(2.3)**
At 30 January 2016	**14.3**	**516.2**	**530.5**
Amortisation			
At 1 February 2015	**5.0**	**70.6**	**75.6**
Charge for the year	**1.4**	**10.3**	**11.7**
On disposals	**(2.3)**	**-**	**(2.3)**
At 30 January 2016	**4.1**	**80.9**	**85.0**
Net book value			
At 30 January 2016	**10.2**	**435.3**	**445.5**
AT 31 January 2015	*4.0*	*445.6*	*449.6*

12. Tangible fixed assets

Group	Freehold land and buildings £M	Plant and machinery £M	Fixtures and fittings £M	Other tangibles £M	Total £M
Cost or valuation					
At 1 February 2015	**63.4**	**134.4**	**228.1**	**31.8**	**457.7**
Additions	**-**	**4.9**	**20.3**	**10.0**	**35.2**
Acquisition of subsidiary	**1,009.7**	**27.6**	**-**	**-**	**1,037.3**
Disposals	**-**	**(20.8)**	**(23.9)**	**-**	**(44.7)**
Revaluations	**2.8**	**-**	**-**	**-**	**2.8**
At 30 January 2016	**1,075.9**	**146.1**	**224.5**	**41.8**	**1,488.3**
Depreciation					
At 1 February 2015	**11.1**	**67.3**	**108.1**	**0.5**	**186.9**
Charge owned for the period	**3.1**	**11.6**	**28.9**	**0.5**	**44.1**
Disposals	**-**	**(18.2)**	**(23.2)**	**-**	**(41.3)**
At 30 January 2016	**14.2**	**60.7**	**113.9**	**1.0**	**189.7**
Net book value					
At 30 January 2016	**1,061.7**	**85.4**	**110.7**	**40.8**	**1,298.6**
At 31 January 2015	*52.3*	*67.1*	*120.0*	*31.3*	*270.7*

13. Fixed asset investments

	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
VISA shares	**1.6**	-	**-**	-
Investment in subsidiaries	-	-	**285.2**	*56.2*
	1.6	-	**285.2**	*56.2*

The investment in subsidiaries figure at 30 January 2016 includes the consideration paid to acquire both Harrods Property Investments S.a.r.l. (Luxembourg) and Harrods Property Holdings Limited by means of a share issue to holding company QH Property Holdings Limited (Bermuda).

14. Principal subsidiaries

The group has the following trading and non-trading subsidiary undertakings which are registered and operate in the United Kingdom:

Name	Country of registration	Class of shares	Holding	Principal activity
QH Participations Limited	England and Wales	Ordinary	98 %	Holding company
QH Partners Limited	England and Wales	Ordinary	100 %	Holding company
QH Enterprises Holdings Limited	England and Wales	Ordinary	100 %	Holding company
QH Enterprises Limited	England and Wales	Ordinary	100 %	Holding company
Harrods Holdings Limited	England and Wales	Ordinary	100 %	Holding company
Harrods (UK) Limited	England and Wales	Ordinary	100 %	Department store
Harrods Limited	England and Wales	Ordinary	100 %	Tax free retailer and
Harrods International Limited	England and Wales	Ordinary	100 %	wholesaler
Harrods (Continental) Limited	England and Wales	Ordinary	100 %	Exporter
Harrods Estates Limited	England and Wales	Ordinary	100 %	Estate agents
PL Management Limited	England and Wales	Ordinary	100 %	Property management
Harrods Commercial Property Limited	England and Wales	Ordinary	100 %	Property holding company
Harrods Estates Paris S.A.	France	Ordinary	100 %	Property management
Harrods Group Trustees Limited	England and Wales	Ordinary	100 %	Dormant company
Genavco Holdings Limited	England and Wales	Ordinary	100 %	Holding company
Genavco Insurance Limited	England and Wales	Ordinary	100 %	Insurance broker
Air Harrods Limited	England and Wales	Ordinary	100 %	Non-scheduled air transport
Harrods Aviation Holdings Limited	England and Wales	Ordinary	100 %	Holding company
Harrods Aviation Limited	England and Wales	Ordinary	100 %	Aircraft handling and maintenance service
Harrods Corporate Management Limited	England and Wales	Ordinary	100 %	Licensing of trademarks
Harrods Bank Limited	England and Wales	Ordinary	100 %	Banking
Harrods Property Investments S.a.r.l. Limited	Luxembourg	Ordinary	100 %	Holding company

14. Principal subsidiaries (continued)

Name	Country of registration	Class of shares	Holding	Principal activity
Harrods Property Holdings Limited	England and Wales	Ordinary	100 %	Holding company
Harrods Property Limited	England and Wales	Ordinary	100 %	Property holding company
Harrods Management Limited	England and Wales	Ordinary	100 %	Dormant company
Harrods Watches Limited	England and Wales	Ordinary	100 %	Dormant company
Harrods Leisure Limited (Isle of Man)	England and Wales	Ordinary	100 %	Dormant company
5A Village Limited	England and Wales	Ordinary	100 %	Dormant company
5A Leisure Limited	England and Wales	Ordinary	100 %	Dormant company
DTSI	England and Wales	Ordinary	100 %	Dormant company
Featurecode 2A Holdings	England and Wales	Ordinary	100 %	Dormant company
Featurecode 2A	England and Wales	Ordinary	100 %	Dormant company
Wylie and Company Limited	England and Wales	Ordinary	100 %	Dormant company
Harrods Nominees Limited	England and Wales	Ordinary	100 %	Dormant company

15. Audit exemptions

The company has guaranteed the outstanding liabilities of all subsidiaries within the group and has fulfilled all requirements under s479A of the Companies Act 2006 ('The Act'), thus enabling those subsidiaries to apply for audit exemption; provided their financial statements are not subject to audit under any other provisions of The Act.

The following subsidiary companies have applied for audit exemption:

Name	Country of incorporation	Registration Number	Holding	Principal activity
QH Partners Limited	England and Wales	5961740	100 %	Holding company
QH Enterprises Holdings Limited	England and Wales	6511607	100 %	Holding company
QH Enterprises Limited	England and Wales	05990779	100 %	Holding company
Harrods Nominee Limited	England and Wales	2233990	100 %	Dormant
Harrods Group Trustees Limited	England and Wales	0353351	100 %	Dormant
Harrods Aviation Holdings Limited	England and Wales	3037563	100 %	Holding company
Air Harrods Limited	England and Wales	3165147	100 %	Premium executive helicopter services
Harrods (UK) Limited	England and Wales	1889348	100 %	Holding company
5A Leisure Limited	England and Wales	2966051	100 %	Dormant
5A Village Limited	England and Wales	208938	100 %	Dormant
DTSI Limited	England and Wales	SC026704	100 %	Dormant

15. Audit exemptions (continued)

Name	Country of incorporation	Registration Number	Holding	Principal activity
Harrods Leisure Limited (Isle of Man)	England and Wales	103391C	100 %	Dormant
Harrods Property Holdings Limited	England and Wales	05985333	100 %	Holding company
Genavco Holdings Limited	England and Wales	01703446	100 %	Holding company
5A Leisure Limited	England and Wales	2966051	100 %	Holding company
Harrods International Limited	England and Wales	676533	100 %	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	0156158	100 %	Exporter
Harrods Estates Limited	England and Wales	0835993	100 %	Estate agents
Harrods Watches Limited	England and Wales	06796678	100 %	Purchasing company
PL Management Limited	England and Wales	4130915	100 %	Property management
Harrods Commercial Property Limited	England and Wales	7853062	100 %	Property holding company
Harrods Management Limited	England and Wales	676534	100 %	Dormant
Featurecode 2A Holdings	England and Wales	4017779	100 %	Dormant
Featurecode 2A	England and Wales	4016505	100 %	Dormant
Wylie and Company Limited	England and Wales	99442	100 %	Dormant

16. Stocks

	Group 30 January 2016 £M	*Group 31 January 2015 £M*	**Company 30 January 2016 £M**	*Company 31 January 2015 £M*
Raw materials and consumables	**1.0**	*0.9*	-	-
Work in progress (goods to be sold)	**0.5**	*0.3*	-	-
Finished goods and goods for resale	**92.3**	*90.5*	-	-
	93.8	*91.7*	-	-

An adjustment for foreign exchange of £0.1 gain (*2015: £1.4m loss*) was recognised in cost of sales against stock purchased in foreign currency.

17. Debtors

	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Amounts due after more than one year				
Amounts owed by group undertakings	-	-	**0.8**	*39.7*
Other debtors	-	*285.6*	-	-
Harrods Bank advances to customers	**194.6**	*44.8*	-	-
	194.6	*330.4*	**0.8**	*39.7*

	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Amounts due within one year				
Trade debtors	**35.9**	*29.6*	-	-
Amounts owed by group undertakings	-	-	**67.8**	*68.6*
Other debtors	**1.8**	*1.8*	-	-
Prepayments and accrued income	**17.1**	*17.5*	-	-
Harrods Bank advances to customers	**1.6**	*5.2*	-	-
Amounts recoverable on long term contracts	**1.6**	*2.9*	-	-
Financial instruments	**1.0**	-	-	-
	59.0	*57.0*	**67.8**	*68.6*

18. Creditors

	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Amounts falling due after more than one year				
Bank loans	**628.1**	-	-	-
Other loans	**14.0**	*30.0*	-	-
Amounts owed to group undertakings	**24.6**	*290.7*	-	-
Other creditors	**0.5**	*1.9*	-	-
Accruals and deferred income	**5.3**	*5.9*	-	-
Financial instruments (after 1 yr)	**16.7**	-	-	-
	689.2	*328.5*	-	-

18. Creditors (continued)

An interest rate swap was entered into by Harrods Holdings on 30th April 2015 to hedge future expected cash outflows on the new loan facility of £650m entered into on 29th April 2015.The interest rate swaps have a total notional value of £545m and terminate on 29 April 2022. The change in fair value for the period (£16.7m) has been fully recognised in other comprehensive income.

Amounts falling due within one year	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Bank loans	**15.0**	*0.4*	-	-
Other loans	**135.0**	-	-	-
Trade creditors	**119.1**	*119.7*	-	-
Amounts owed to group undertakings	**932.0**	*972.1*	**73.7**	*113.5*
Corporation tax	**38.6**	*26.2*	-	*0.2*
Taxation and social security	**8.8**	*8.0*	-	-
Other creditors	**65.3**	*25.3*	-	-
Accruals and deferred income	**72.0**	*66.1*	**0.1**	*0.2*
Financial instruments	-	*0.6*	-	-
Harrods Bank customer deposits	**317.9**	*75.3*	-	-
	1,703.7	*1,293.7*	**73.8**	*113.9*

The amounts owed to group undertakings includes a loan facility agreement between QH Participations and Qatar Holding LLC, the ultimate controlling party, which was fully drawn down. The facility was repayable on 1 April 2016. On 30 January 2016, the facility was renewed, with effect from 1 February 2015, under new terms maturing on 31 January 2020. The loan is now fully interest bearing at a rate of 7.5%. The outstanding balance at the end of the year was £902.2m (2015: £902.2m).

19. Share capital and share premium

	30 January 2016 (restated) £M	*31 January 2015 (restated) £M*
Allotted, called up and fully paid		
375,993,167 *(2015 – 329,810,000)* Ordinary shares of £0.01 each	**3.8**	*3.3*
Share premium	**264.5**	*35.9*

In the prior period, £35.9m was incorrectly classified as share capital; this has been reclassified as share premium in the current year.

Each ordinary share represents one vote. There are no restrictions or preferences placed on the shares.

Dividends are declared and paid at the discretion of the directors.

20. Financial instruments

Financial assets	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Financial assets measured at fair value through profit or loss	**1.0**	-	**-**	-
Financial assets measured at amortised cost	**500.2**	*539.9*	**70.9**	*111.2*
	501.2	*539.9*	**70.9**	*111.2*

Financial liabilities	Group 30 January 2016 £M	*Group 31 January 2015 £M*	Company 30 January 2016 £M	*Company 31 January 2015 £M*
Financial liabilities measured at fair value through profit or loss	-	*0.6*	**-**	-
Financial liabilities measured at amortised cost	**2,392.9**	*1,622.8*	**73.8**	*113.9*
	2,392.9	*1,623.4*	**73.8**	*113.9*

Financial assets and liabilities measured at fair value through profit or loss is comprised of foreign currency forward contracts.

Financial assets measured at amortised cost include cash and debtors.
Financial liabilities measured at amortised cost include both short and long term creditors.

21. Pension commitments

The Group operates a defined contribution pension scheme and a defined benefit pension scheme.

Defined contribution pension scheme

The pension charge for the period represents contributions payable by the group to the scheme and amounted to £4.4m (2015: £4.4m).

Contributions totalling £0.8m (2015: £0.8m) were payable to the scheme at the end of the period and are included in creditors.

Defined benefit pension scheme

During the period the group operated the Harrods Group Pension Plan ("the Plan"), an approved defined benefit scheme. This scheme was closed to new membership and new accruals in April 2006.

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

An actuarial valuation of the Plan as at 5 April 2015 on a Scheme Specific Funding basis was carried out by the Scheme Actuary. The deficit on this basis was £45m as at 5 April 2015, a funding level of 93%. At the previous valuation at 5 April 2012, the shortfall was £77m equating to a funding level of 85%.

A revised recovery plan was subsequently agreed. In order for the Plan to be fully funded by 31 March 2021, the Trustees and Principal Employer agreed the following on 24 March 2016:

- Annual contributions totalling £5.0m per annum payable in each of 2016, 2017, 2018, 2019, 2020 with a final payment of £1.25m in March 2021.
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.
- A number of changes to the investment strategy to be implemented with the aim of de-risking the plan.
- Recognising the risks inherent in the performance of the financial markets during the 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 2016, the participating employers made total contributions to the plan of £20.3m (2015: £15.9m).

21. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	52 weeks ended 30 January 2016 £M	*52 weeks ended 31 January 2015 £M*
At the beginning of the year	**(553.2)**	*(461.9)*
Interest cost	**(17.3)**	*(20.5)*
Actuarial gains/losses	**58.5**	*(87.1)*
Deferred tax on actuarial gain/loss	**(7.3)**	*2.1*
Benefits paid	**13.4**	*14.2*
At the end of the year	**(505.9)**	*(553.2)*

Reconciliation of present value of plan assets:

At the beginning of the year	**543.7**	*465.4*
Interest income	**17.2**	*20.9*
Actuarial gains/losses	**(37.0)**	*56.6*
Contributions	**20.3**	*15.9*
Benefits paid	**(13.4)**	*(14.2)*
Past service cost	**(0.9)**	*(0.9)*
At the end of the year	**529.9**	*543.7*

21. Pension commitments (continued)

Composition of plan assets:

	30 January 2016 £M	31 January 2015 £M
Equity instruments	**176.8**	*177.2*
Debt instruments	**216.5**	*219.7*
Cash	**15.1**	*49.3*
Other assets	**121.5**	*97.5*
Total plan assets	**529.9**	*543.7*
Fair value of plan assets	**529.9**	*543.7*
Present value of plan liabilities	**(505.9)**	*(553.2)*
Net pension scheme surplus/(liability)	**24.0**	*(9.5)*

The amounts recognised in profit or loss are as follows:	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Current service cost	**(17.3)**	*(20.5)*
Administrative expenses	**(0.9)**	*(0.9)*
Expected return on scheme assets	**17.2**	*20.9*
Total	**(1.0)**	*(0.5)*
Actual return on scheme assets	**(37.0)**	*56.6*

Analysis of actuarial gains and losses recognised in other comprehensive income:

Actual return less expected return on scheme assets	**(37.0)**	*56.6*
Changes in assumptions	**58.5**	*(87.1)*
Actuarial gains and losses recognised in other comprehensive income	**21.5**	*(30.5)*

21. Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	52 weeks ended 30 January 2016	*52 weeks ended 31 January 2015*
Discount rate	**3.75%**	*3.20%*
Inflation rate	**3.00%**	*2.70%*
Future pension increases	**2.20%**	*1.90%*
Expected return on scheme assets - equity	**- %**	*5.10%*
Expected return on scheme assets - cash	**- %**	*1.40%*
Expected return on scheme assets - other	**- %**	*3.20%*

	30 January 2016 Years	**31 January 2015 Years**
Current pensioners at retirement age - male	**28.0**	**28.2**
Current pensioners at retirement age - female	**29.9**	**30.5**
Future pensioners at retirement age - male	**30.4**	**30.7**
Future pensioners at retirement age - female	**32.2**	**33**

History of experience adjustments on scheme assets and liabilities:

	31 January 2016 £M	*31 January 2015 £M*	*01 February 2014 £M*	*02 February 2013 £M*	*28 January 2012 £M*
Fair value of scheme assets	**529.9**	*543.7*	*465.4*	*453.8*	*394.1*
Present value of scheme liabilities	**(505.9)**	*(553.2)*	*(461.9)*	*(446.6)*	*(419.7)*
(Deficit)/surplus in scheme	**24.0**	*(9.5)*	*3.5*	*7.2*	*(25.6)*
Experience adjustments on scheme assets	**(37.0)**	*56.6*	*(10.7)*	*8.6*	*3.4*
Experience adjustments arising on scheme assets	**(37.0)**	*56.6*	*(10.7)*	*8.6*	*3.4*

22. Capital commitments

Capital commitments
Amounts contracted for but not provided in the financial statements amounted to £21.6m (2015: £7.1m).

Other commitments
At 30 January 2016 the company had commitments under concession agreements with the Heathrow Airport Limited and Gatwick Airport Limited which were contracted for but not provided for in these financial statements of £7.0m as at the period end (2015: £7.4m).

23. Commitments under operating leases

At 31 January 2015 the Group had future minimum lease payments under non-cancellable operating leases related to the Knightsbridge Property held by Harrods Property Limited. On 8 May 2015 Harrods Property Limited was acquired by the Group, significantly reducing the future operating lease commitments existing for the Group.

	30 January 2016 £M	*31 January 2015 £M*
Land and buildings		
Within one year	**3.8**	*3.9*
Within two and five years	**11.3**	*13.4*
Over five years	**10.2**	*60.5*
	25.3	*77.8*
Other		
Within one year	**2.0**	*1.4*
Within two and five years	**3.2**	*3.0*
Over five years	**-**	*-*
	5.2	*4.4*

24. Contingent Liabilities

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 Harrods Group (Holding) Limited cash netting facility is guaranteed by Harrods Limited and other group companies.

There were no other contingent liabilities at 30 January 2016 or 31 January 2015.

25. Related party transactions

At the start of the financial year ending 30 January 2016, the group had a subordinated loan of £285.6m to Harrods Property Limited, a related party. Harrods Limited was also a tenant under a long term lease to Harrods Property Limited covering the Store and a number of ancillary properties used for trading operations. During the year, the company was charged rent of £48.4m (2015: £47.5m) by Harrods Property Limited.

In May 2015, Harrods Property Limited was acquired by Harrods Limited for a consideration of £225.1m through an interest bearing loan from Harrods Property Holdings Limited. The results of Harrods Property Limited have been consolidated into the Group accounts from date of acquisition under the acquisition accounting method.

In October 2015, Harrods Property Holdings Limited was acquired by Harrods Group (Holding) Limited. Consequently, both Harrods Limited and Harrods Property Holdings Limited now fall under common UK ownership and therefore as permitted under the reporting standard exemptions indicated above, transactions between the two companies are not required to be disclosed going forward.

As at the beginning of the financial year (1 February 2015), QH Participations Limited had a loan facility agreement with Qatar Holding LLC, the ultimate controlling party, which was fully drawn down. The facility was repayable on 1 April 2016. On 30 January 2016, the facility was renewed, with effect from 1 February 2015, under new terms maturing on 31 January 2020. The loan is now fully interest bearing at a rate of 7.5%.

During the period ended 30 January 2016, a total of £30.0m of interest was paid (2015: £30.0m) and £40.2m was accrued (2015 £2.5m accrued).

The outstanding balance at the end of the year was £902.2m (2015: £902.2m).

QH Enterprises Holdings Limited has been granted a loan from QH Property Holdings Limited, which is under the common control of the company's ultimate parent undertaking. The debt is non-interest bearing and is repayable with not less than 13 months' notice in writing by the lender. At the period end, the loan outstanding, including interest was £24.6m (2015: £24.6m).

On 26 November 2014, a £30m subordinated loan note was issued by Harrods Bank Limited to Qatar Holding LLC, the ultimate controlling party, at an interest rate of 50 basis points above the 5-year mid swap rate. The subordinated loan was structured such that it could be converted into Tier 1 capital to ensure that the Bank is able to comply with Capital Requirements Directive (CRDIV). On 26 May 2015, Qatar Holding LLC wrote down and derecognised £16m of the £30m subordinated loan. The outstanding balance at the end of the year was £14.0m (2015: £30.0m).

There were no other material related party transactions.

26. Controlling party

The Harrods Group (Holding) Limited financial statements will be filed with the Registrar of Companies.

The company's immediate parent undertaking is QH Property Holdings Limited, a company incorporated in Bermuda.

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.

27. First time adoption of FRS 102

The group transitioned to FRS102 from previously extant UK GAAP as at 1 February 2015. The impact of the transition to FRS102 is as follows:

Reconciliation of Group balance sheet

	As previously stated 2 February 2014 £M*	*Effect of transition 2 February 2014 £M*	**FRS 102 (as restated) 2 February 2014 £M**	*As previously stated 31 January 2015* £M*	*Effect of transition 31 January 2015 £M*	**FRS 102 (as restated) 31 January 2015 £M**
Fixed assets	*712.8*	*1.8*	**714.6**	*718.5*	*1.8*	**720.3**
Current assets	*735.9*	*0.4*	**736.3**	*631.7*	*(1.3)*	**630.4**
Creditors: amounts falling due within one year	*(1,418.1)*	*(2.6)*	**(1,420.7)**	*(1,290.7)*	*(3.0)*	**(1,293.7)**
Net current assets	*(682.2)*	*(2.2)*	**684.4**	*(659.0)*	*(4.3)*	**(663.3)**
Total assets less current liabilities	*30.6*	*(0.4)*	**30.2**	*59.5*	*(2.3)*	**57.0**
Creditors: amounts falling due after more than one year	*(301.3)*	*(3.0)*	**(304.3)**	*(325.8)*	*(2.7)*	**(328.5)**
Provisions for liabilities	*(2.9)*	*0.6*	**(2.3)**	*(2.3)*	*1.1*	**(1.2)**
Pension asset/liability	-	*2.9*	**2.9**	*(9.3)*	*(0.2)*	**(9.5)**
Net liabilities	*(273.6)*	*0.1*	**(273.5)**	*(277.9)*	*(4.3)*	**(282.2)**
Capital and reserves	*(273.6)*	*0.1*	**(273.5)**	*(277.9)*	*(4.3)*	**(282.2)**

** Restatement of expenses for corrections of prior period errors have been made. These do not have a material impact on the accounts or disclosures.*

27. First time adoption of FRS 102 (continued)

Reconciliation of Group profit and loss	*As previously stated 31 January 2015* £M*	*Effect of transition 31 January 2015 £M*	**FRS 102 (as restated) 31 January 2015 £M**
Turnover	*821.5*	-	**821.5**
Cost of sales	*(364.1)*	*(1.4)*	**(365.5)**
	457.4	*(1.4)*	**456.0**
Distribution expenses	*(288.0)*	*(0.3)*	**(288.3)**
Administrative expenses	*(56.3)*	*(0.9)*	**(57.2)**
Other operating income	*32.2*	-	**32.2**
Fair value movements	-	*0.2*	**0.2**
Operating profit	*145.3*	*(2.4)*	**142.9**
Loss on disposal of assets	*(0.9)*	*0.9*	**-**
Interest receivable and similar income	*1.9*	-	**1.9**
Interest payable and similar charges	*(26.4)*	*(4.2)*	**(30.6)**
Taxation	*(28.5)*	*1.5*	**(27.0)**
Profit on ordinary activities after taxation and for the financial period	*91.4*	*(4.2)*	**87.2**

** Restatement of expenses for corrections of prior period errors have been made. These do not have a material impact on the accounts or disclosures*

27. First time adoption of FRS 102 (continued)

Reconciliation of Company balance sheet

	As previously stated 2 February 2014 £M*	*Effect of transition 2 February 2014 £M*	**FRS 102 (as restated) 2 February 2014 £M**	*As previously stated 31 January 2015* £M*	*Effect of transition 31 January 2015 £M*	**FRS 102 (as restated) 31 January 2015 £M**
Fixed assets	*51.3*	-	**51.3**	*56.2*	-	**56.2**
Current assets	*265.2*	-	**265.2**	*111.2*	-	**111.2**
Creditors: amounts falling due within one year	*(276.7)*	-	**(276.7)**	*(113.9)*	-	**(113.9)**
Net current assets/(liabilities)	*(11.5)*	-	**(11.5)**	*(2.7)*	-	**(2.7)**
Total assets less current liabilities	*39.8*	-	**39.8**	*53.5*	-	**53.5**
Creditors: amounts falling due after more than one year	-	-	-	-	-	-
Net assets	*39.8*	-	**39.8**	*53.5*	-	**53.5**
Capital and reserves	*39.8*	-	**39.8**	*53.5*	-	**53.5**

** Restatement of expenses for corrections of prior period errors have been made. These do not have a material impact on the accounts or disclosures.*

27. First time adoption of FRS 102 (continued)

Reconciliation of Company profit and loss	*As previously stated 31 January 2015** £M	*Effect of transition 31 January 2015* £M	**FRS 102 (as restated) 31 January 2015 £M**
Administrative expenses	*(0.4)*	-	**(0.4)**
Income from shares in group undertakings	*81.5*	-	**81.5**
Operating profit	*81.1*	-	**81.1**
Interest receivable and similar income	*1.4*	-	**1.4**
Taxation	*(0.2)*	-	**(0.2)**
Profit on ordinary activities after taxation and for the financial period	*82.3*	-	**82.3**

** Restatement of expenses for corrections of prior period errors have been made. These do not have a material impact on the accounts or disclosures*

The following were changes in accounting policy arising from transition to FRS102:

Investment property
Under UK GAAP property let to another group company is explicitly excluded from classification as investment property. In FRS102 there is no such exclusion. As a result, the property owned by Harrods (UK) Limited has been revalued retrospectively (increase of £1.9m at 31 January 2015 and 1 February 2014) and the fair value adjustment recorded in profit or loss.

Software
In prior periods, purchased software and related development costs were capitalised under "Plant and machinery" within Tangible Assets. This accounting policy has changed in the current period with the allocation of all software related costs to intangible assets, and applied retrospectively. The result is an increase in the intangible assets balance of £3.9m and £2.7m (group only) at 31 January 2015 and 1 February 2014 respectively. The reallocation has no impact on Fixed Assets as a whole.

Holiday pay accrual
Under previous UK GAAP, the group did not accrue for any holiday pay earned where holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the group is required to accrue for all shot-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is the recognition of a holiday pay accrual of £2.2m and £1.8m (group only) at 31 January 2015 and 1 February 2014 respectively.

Long service awards
Under UK GAAP there is no specific requirement to recognise long service awards, however, FRS102 specifically identifies these employee benefits under section 28.29 (a) and their required recognition is detailed under section 28.30. The impact is the recognition of a long service award provision of £2.9m and £3.0m (group only) at 31 January 2015 and 1 February 2014 respectively, and reflects the present value of the benefit obligation at the reporting date.

27. First time adoption of FRS 102 (continued)

Derivatives
Foreign currency forward contacts are recorded on the balance sheet at fair value and accounted for at fair value through profit and loss. Under previous UK GAAP rules these were recognised at contracted rates, with gains or losses being offset against foreign exchange gains and losses on the related financial assets and liabilities. The impact is the recognition of foreign currency forward contracts of £0.6m and £0.8m (group only) at 31 January 2015 and 1 February 2014 respectively.

Defined benefit pension scheme
UK GAAP previously allowed multi-employer exemption in groups to not reflect the defined benefit plan surplus or deficit in individual company accounts. Under FRS 102 this exemption has been removed. As a result the surplus at 1 February 2014 (£3.5m) has now been recognised, and the impact carried forward into successive periods.

FRS 102 additionally requires full disclosure of any defined benefit pension schemes (refer to note 21).