

# AIR HARRODS LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the period ended  
30 January 2016



# **AIR HARRODS LIMITED**

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## **AIR HARRODS LIMITED**

### **DIRECTORS' REPORT**

For the period ended 30 January 2016

The directors present their report together with the financial statements for the period ended 30 January 2016.

#### **Principal activity**

The company provides premium executive helicopter services.

#### **Business review**

There was a loss for the year after taxation amounting to £2.4 million (2015: £2.4 million); included in the loss for the period was a £0.8 million loss on disposal of a helicopter that was sold during the period.

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

#### **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.

#### **Directors**

The directors who served during the period were:

P D Norton

M A Ward

J P Edgar

H.E. A M Al-Sayed (resigned 5 February 2015)

H.E. H A Al-Abdulla (resigned 4 February 2015)

#### **Registered office**

87 - 135 Brompton Road

Knightsbridge

London

London

SW1X 7XL

Registered number: 3165147

#### **Policy and practice on payment of creditors**

It is the company'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 policy is that any valid invoice will be paid in full. The company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. Trade creditors at the period end amounted to 5 days (2015: 8 days) of average supplied for the period.

#### **Credit risk**

The company's principal credit risk relates to the recovery of trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

#### **Interest rate risk**

Exposure to interest rate risk is limited through the use of fixed interest rates on intercompany loans.

# AIR HARRODS LIMITED

## DIRECTORS' REPORT

For the period ended 30 January 2016

### Directors' responsibilities statement

The directors are responsible for preparing 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

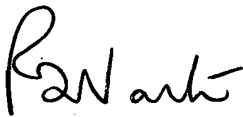
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on

7.6.16

and signed on its behalf by:



.....  
P D Norton  
Director

## AIR HARRODS LIMITED

### PROFIT AND LOSS ACCOUNT

For the period ended 30 January 2016

	Note	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Turnover	2	1,984	2,310
Cost of sales		(3,700)	(4,188)
<b>Gross loss</b>		<b>(1,716)</b>	<b>(1,878)</b>
Other administration expenses		(224)	(203)
<b>Operating loss</b>		<b>(1,940)</b>	<b>(2,081)</b>
Interest receivable and similar income	3	127	230
Interest payable and similar charges	4	(1,241)	(1,188)
Other finance charge		-	(2)
<b>Loss on ordinary activities before taxation</b>	2	<b>(3,054)</b>	<b>(3,041)</b>
Taxation on loss on ordinary activities	7	671	591
<b>Loss for the period</b>		<b>(2,383)</b>	<b>(2,450)</b>

The notes on pages 8 to 26 form part of these financial statements.

All transactions arise from continuing operations.

## AIR HARRODS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 January 2016

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Loss for the financial period	(2,383)	(2,450)
Other comprehensive income		
Actuarial gains / (losses) on defined benefit schemes	101	(147)
Movement on deferred tax relating to pension gains / (losses)	(18)	29
Other comprehensive income for the period	83	(118)
<b>Total comprehensive income for the period</b>	<b>(2,300)</b>	<b>(2,568)</b>

The notes on pages 8 to 26 form part of these financial statements.

**AIR HARRODS LIMITED**  
Registered number: 3165147

**BALANCE SHEET**  
As at 30 January 2016

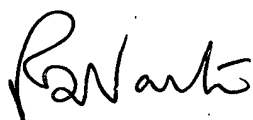
	Note	30 January 2016 £000	31 January 2015 £000
<b>Fixed assets</b>			
Tangible assets	8	3	2,569
		<u>3</u>	<u>2,569</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	2,511	3,810
Cash at bank and in hand	10	160	107
		<u>2,671</u>	<u>3,917</u>
Creditors: amounts falling due within one year	11	(206)	(803)
<b>Net current assets</b>		<u>2,465</u>	<u>3,114</u>
<b>Total assets less current liabilities</b>		<u>2,469</u>	<u>5,683</u>
Creditors: amounts falling due after more than one year	12	(17,475)	(17,597)
Provisions for liabilities	14	(2,332)	(2,968)
<b>Net liabilities excluding pension asset/ (liability)</b>		<u>(17,339)</u>	<u>(14,882)</u>
Pension asset/ (liability)	19	113	(44)
<b>Net assets/ (liabilities)</b>		<u>(17,226)</u>	<u>(14,926)</u>
<b>Capital and reserves</b>			
Called up share capital	16	10,700	10,700
Profit and loss account	15	(27,926)	(25,626)
		<u>(17,226)</u>	<u>(14,926)</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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



.....  
P D Norton  
Director

Date: 7.6.16

## AIR HARRODS LIMITED

### STATEMENT OF CHANGES IN EQUITY

As at 30 January 2016

	Share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 February 2015	10,700	(25,626)	(14,926)
Loss for the period	-	(2,383)	(2,383)
Actuarial gains on pension scheme net of tax	-	83	83
<b>At 30 January 2016</b>	<b><u>10,700</u></b>	<b><u>(27,926)</u></b>	<b><u>(17,226)</u></b>



## AIR HARRODS LIMITED

### STATEMENT OF CHANGES IN EQUITY

As at 31 January 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 2 February 2014	10,700	(23,058)	(12,358)
Loss for the period	-	(2,450)	(2,450)
Actuarial losses on pension scheme net of tax	-	(118)	(118)
<b>At 31 January 2015</b>	<b><u>10,700</u></b>	<b><u>(25,626)</u></b>	<b><u>(14,926)</u></b>

The notes on pages 8 to 26 form part of these financial statements.

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 January 2016

#### **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 of first-time adoption of FRS 102 is given in note 22.

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

The following principal accounting policies have been applied:

##### **1.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments paragraph 11.41;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harrods Group (Holding) Limited as at 30 January 2016.

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 January 2016

#### **1. Accounting policies (continued)**

##### **1.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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 company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company 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 company 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;
- the costs incurred and the costs to complete the contract can be measured reliably.

# AIR HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

### 1. Accounting policies (continued)

#### 1.4 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 company 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 company. 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.

Depreciation 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:

Depreciation is provided on the following bases:

Plant and machinery	-	33%
Fixtures and fittings	-	20%
Office equipment	-	20%

Aircraft which are acquired as long-term business assets are depreciated over their expected useful lives at 3% of their cost on a straight line basis.

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 Profit and Loss Account.

#### 1.5 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.

#### 1.6 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.

#### 1.7 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.

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 January 2016

#### **1. Accounting policies (continued)**

##### **1.8 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

###### **Group pension plan**

Where the risks of a defined benefit plan are shared between entities under common control, each entity recognises the net defined benefit cost charged in its own financial statements.

##### **1.9 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

##### **1.10 Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

##### **1.11 Borrowing costs**

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

##### **1.12 Provisions for Liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

# AIR HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

### 1. Accounting policies (continued)

#### 1.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2. Analysis of turnover

In the opinion of the directors, the company conducts only one class of business, in one significant geographical area, being the United Kingdom.

The loss on ordinary activities before taxation is stated after:

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Auditors' remuneration:		
Audit services	-	17
Depreciation:		
Fixed assets owned	30	418
Loss on disposal of a helicopter	825	-
Operating lease rentals	1,014	1,212
Provision for onerous lease	<u>(368)</u>	<u>(375)</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 3. Interest receivable

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Gain on revaluation of US Dollar denominated deposits	106	228
Other interest receivable	21	2
	<u>127</u>	<u>230</u>

#### 4. Interest payable and similar charges

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Other loan interest payable	(2)	(23)
Loans from group undertakings	(1,239)	(1,165)
	<u>(1,241)</u>	<u>(1,188)</u>

#### 5. Other finance costs

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Net interest receivable / (payable) on net defined benefit liability	-	(2)
	<u>-</u>	<u>(2)</u>

#### 6. Directors and Employees

Staff costs during the period were as follows:

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Wages and salaries	883	955
Social security costs	97	102
Cost of defined contribution scheme	80	81
	<u>1,060</u>	<u>1,138</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 7. Taxation

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Group relief surrendered	(412)	(590)
<b>Total current tax</b>	<b>(412)</b>	<b>(590)</b>
<b>Deferred tax</b>		
Deferred tax - current year	(275)	(19)
Deferred tax - pension scheme	16	18
<b>Total deferred tax</b>	<b>(259)</b>	<b>(1)</b>
<b>Taxation on loss on ordinary activities</b>	<b>(671)</b>	<b>(591)</b>
Total current and deferred tax relating to items of other comprehensive income	18	(26)
	<b>(653)</b>	<b>(617)</b>



## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 7. Taxation (continued)

##### Factors affecting tax for the period

The tax assessed for the period is higher than (2015 - higher 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 £000	52 weeks ended 31 January 2015 £000
Loss on ordinary activities before tax	<u>(3,054)</u>	<u>(3,041)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	(616)	(613)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	167	-
Adjustments to tax charge in respect of prior periods	(20)	-
Other timing differences leading to an increase/ (decrease) in taxation	(37)	-
Income and (expenses) assessed/ (relieved) on a cash basis	-	14
Adjustments to tax charge in respect of tax rate changes	<u>(165)</u>	<u>8</u>
<b>Total tax credit for the period</b>	<u><b>(671)</b></u>	<u><b>(591)</b></u>

##### 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.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 8. Tangible fixed assets

	<b>Other fixed assets</b>
	<b>£000</b>
<b>Cost or valuation</b>	
At 1 February 2015	3,706
Disposals	(3,699)
<b>At 30 January 2016</b>	<u>7</u>
<b>Depreciation</b>	
At 1 February 2015	(1,137)
Charge owned for the period	(30)
Depreciation Disposals	1,163
<b>At 30 January 2016</b>	<u>(4)</u>
<b>At 30 January 2016</b>	<u>3</u>
At 31 January 2015	<u>2,569</u>

#### 9. Debtors

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
Trade debtors	393	235
Other debtors	417	590
Prepayments and accrued income	50	125
Amounts recoverable on long term contracts	1,644	2,860
Deferred taxation	7	-
	<u>2,511</u>	<u>3,810</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 10. Cash and cash equivalents

	30 January 2016 £000	31 January 2015 £000
Cash at bank and in hand	160	107
	<u>160</u>	<u>107</u>

#### 11. Creditors: Amounts falling due within one year

	30 January 2016 £000	31 January 2015 £000
Bank loan	-	386
Trade creditors	27	58
Other creditors	18	39
Accruals and deferred income	161	320
	<u>206</u>	<u>803</u>

#### 12. Creditors: Amounts falling due after more than one year

	30 January 2016 £000	31 January 2015 £000
Amounts owed to group undertakings	17,475	17,597
	<u>17,475</u>	<u>17,597</u>

Amounts due to group undertakings are unsecured and have no fixed date of payment. Interest is charged on balances outstanding at the rate of 7.11% per annum netted against cash balances at base rate.

Borrowings are repayable as follows:

	30 January 2016 £000	31 January 2015 £000
Within one year: Bank loans	-	386
After 5 years: Amounts owed to parent undertaking	17,475	17,597
	<u>17,475</u>	<u>17,983</u>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 13. Deferred taxation

Deferred taxation provided for in the financial statements is set out below. There were no un-provided amounts of deferred taxation at 30 January 2016 or 31 January 2015.

	30 January 2016 £000
At 1 February 2015	(268)
Credited to the profit and loss account	275
<b>At 30 January 2016</b>	<b><u>7</u></b>

Analysis of deferred taxation:

	30 January 2016 £000
Deferred tax for current year	219
Deferred tax due to change in tax rate	60
Deferred tax – FRS 102	(4)
<b>Deferred tax credited to the profit and loss account</b>	<b><u>275</u></b>

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.

Previous period deferred taxation was a liability of £268 thousand and was included within provisions for liabilities.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 14. Provisions for liabilities

	<b>Onerous Lease Provision</b>
At 1 February 2015	(2,700)
Credited to the profit and loss account	368
<b>At 31 January 2015</b>	<b><u>(2,332)</u></b>

#### 15. Reserves

##### Profit and loss account

	<b>30 January 2016 £000</b>
Profit and loss account - b/fwd	(25,626)
Loss retained for the period	(2,383)
Actuarial gains on pension schemes	101
Tax relating to pension scheme	(18)
	<b><u>(27,926)</u></b>

#### 16. Share capital

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
<b>Authorised, allotted, called up and fully paid</b>		
10,700,002 - Ordinary shares of £1 each	<b><u>10,700</u></b>	<b><u>10,700</u></b>

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

## **AIR HARRODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 January 2016

#### **17. Contingent liabilities**

The Harrods Group (Holding) cash netting is guaranteed by Air Harrods Limited and other Group companies.

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

#### **18. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil (2015 - £nil).

#### **19. Pension commitments**

##### **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.

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 19. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	30 January 2016 £000	31 January 2015 £000
At the beginning of the year	(2,599)	(1,219)
Interest cost	(81)	(100)
Actuarial gains/losses	196	(410)
Deferred tax on actuarial gain/loss	(25)	10
Benefits paid	63	67
Effect of experience adjustments	68	-
Transfers	-	(947)
<b>At the end of the year</b>	<b>(2,378)</b>	<b>(2,599)</b>

Composition of plan liabilities:

	30 January 2016 £000	31 January 2015 £000
Pension liability - actuarial gain/loss	(196)	410
Pension liability - interest cost	81	96
Pension asset - benefits paid	(63)	(67)
Pension liability - experience adjustments	(68)	-
Pension liability - transfers	-	947
<b>Total plan liabilities</b>	<b>(246)</b>	<b>1,386</b>

# AIR HARRODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

### 19. Pension commitments (continued)

Reconciliation of present value of plan assets:

	30 January 2016 £000	31 January 2015 £000
At the beginning of the year	2,555	1,228
Interest income	81	98
Actuarial gains/losses	(177)	262
Contributions	95	75
Benefits paid	(63)	(67)
Derecognition of surplus	-	959
<b>At the end of the year</b>	<b><u>2,491</u></b>	<b><u>2,555</u></b>

Composition of plan assets:

	30 January 2016 £000	31 January 2015 £000
Equity instruments	831	833
Debt instruments	1,018	1,033
Cash	71	231
Other assets	571	458
<b>Total plan assets</b>	<b><u>2,491</u></b>	<b><u>2,555</u></b>

	30 January 2016 £000	31 January 2015 £000
Fair value of plan assets	2,491	2,555
Present value of plan liabilities	(2,378)	(2,599)
<b>Net pension scheme liability</b>	<b><u>113</u></b>	<b><u>(44)</u></b>

The amounts recognised in profit or loss are as follows:

	30 January 2016 £000	31 January 2015 £000
Interest on obligation	-	(2)
Administration fee	(4)	-
<b>Total</b>	<b><u>(4)</u></b>	<b><u>(2)</u></b>



## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 19. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £522k (2015 - £623k).

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2016</b>	2015
Discount rate	<b>3.75%</b>	3.15%
Future pension increases	<b>2.20%</b>	1.90%
Inflation assumption	<b>3.00%</b>	2.70%
Expected return on scheme assets - equity	- %	5.10%
Expected return on scheme assets - cash	- %	1.40%
Expected return on scheme assets - other	- %	3.20%
Post retirement (at age 60) mortality assumptions		
Current pensioners at retirement age - men	<b>28</b>	28.2
Current pensioners at retirement age - women	<b>29.9</b>	30.5
Future pensioners at retirement age - men	<b>30.4</b>	30.7
Future pensioners at retirement age - women	<b>32.2</b>	33

Amounts for the current and previous four periods are as follows:

	<b>2016</b>	2015	2014	2013	2012
	<b>£000</b>	£000	£000	£000	£000
Fair value of scheme assets	<b>2,491</b>	2,555	1,228	1,198	1,121
Present value of scheme liabilities	<b>(2,378)</b>	(2,599)	(1,219)	(1,179)	(1,114)
<b>Surplus / (deficit) in scheme</b>	<b>113</b>	<b>(44)</b>	<b>9</b>	<b>19</b>	<b>7</b>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 20. Commitments under operating leases

At 30 January 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	30 January 2016 £000	31 January 2015 £000
<b>Land and buildings</b>		
Within one year	-	46
<b>Plant and machinery</b>		
Within one year	836	1,014
Between one and five years	<u>1,048</u>	<u>1,924</u>

#### 21. Controlling party

The immediate parent undertaking of Air Harrods Limited is Harrods Aviation Limited.

The largest group for which consolidated financial statements are publicly available is Harrods Group (Holding) Limited. The group financial statements will be filed with the Registrar of Companies in due course.

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority. The ultimate controlling party is Qatar Investment Authority.

**AIR HARRODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 30 January 2016

**22. First time adoption of FRS 102**

	As previously stated 2 February 2014 £000	Effect of transition 2 February 2014 £000	<b>FRS 102 (as restated) 2 February 2014 £000</b>	As previously stated 31 January 2015 £000	Effect of transition 31 January 2015 £000	<b>FRS 102 (as restated) 31 January 2015 £000</b>
Fixed assets	2,988	-	<b>2,988</b>	2,569	-	<b>2,569</b>
Current assets	4,248	-	<b>4,248</b>	3,917	-	<b>3,917</b>
Creditors: amounts falling due within one year	1 (690)	(14)	<b>(704)</b>	(779)	(24)	<b>(803)</b>
<b>Net current assets</b>	<b>3,558</b>	<b>(14)</b>	<b>3,544</b>	3,138	(24)	<b>3,114</b>
<b>Total assets less current liabilities</b>	<b>6,546</b>	<b>(14)</b>	<b>6,532</b>	5,707	(24)	<b>5,683</b>
Creditors: amounts falling due after more than one year	(15,546)	-	<b>(15,546)</b>	(17,597)	-	<b>(17,597)</b>
Provisions for liabilities	2 (3,360)	16	<b>(3,344)</b>	(3,016)	4	<b>(3,012)</b>
<b>Net assets/ (liabilities)</b>	<b>(12,360)</b>	<b>2</b>	<b>(12,358)</b>	<b>(14,906)</b>	<b>(20)</b>	<b>(14,926)</b>
Capital and reserves	(12,360)	2	<b>(12,358)</b>	(14,906)	(20)	<b>(14,926)</b>

## AIR HARRODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 January 2016

#### 22. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 January 2015 £000	Effect of transition 31 January 2015 £000	FRS 102 (as restated) 31 January 2015 £000
Turnover		2,310	-	2,310
Cost of sales	3	(4,179)	(9)	(4,188)
		(1,869)	(9)	(1,878)
Administrative expenses		(203)	-	(203)
<b>Operating profit</b>		(2,072)	(9)	(2,081)
Interest receivable and similar income		230	-	230
Interest payable and similar charges		(1,188)	-	(1,188)
Other finance income	4	18	(20)	(2)
Taxation	3,4	584	7	591
<b>Loss on ordinary activities after taxation and for the financial period</b>		<u>(2,428)</u>	<u>(22)</u>	<u>(2,450)</u>

Explanation of changes to previously reported profit and equity:

- 1 Holiday pay and long term service awards accruals.
- 2 Pension - defined benefit scheme effect of transition to FRS 102.
- 3 Administrative expenses have been restated to show the movement in holiday pay and long term service awards accruals.
- 4 Other finance income has been restated to show the defined benefit pension scheme effect.