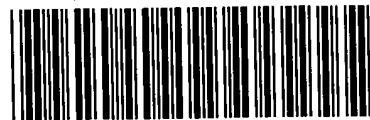


GENAVCO INSURANCE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JANUARY 2016

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GENAVCO INSURANCE LTD

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GENAVCO INSURANCE LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JANUARY 2016**

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

PRINCIPAL ACTIVITY

The principal activity of the company is insurance broking.

BUSINESS REVIEW

The Company's key performance indicator during the year was profit/loss before taxation. There was a loss for the period before tax of £271,459 (2015: profit of £16,757). The loss was largely attributable to an increase in payroll costs driven by the implementation of a succession plan for several senior employees. This plan did not succeed and failed to meet both strategic and financial objectives. The directors did not recommend the payment of a dividend during the period (2015: nil).

The directors are committed to achieve a turnaround in business performance in 2016/17.

DIRECTORS

The directors who served during the period were:

D Meur
M J McClymont

FINANCIAL INSTRUMENTS

Objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, especially credit risk which is explained in more detail below.

During the period under review the eligible regulatory capital, represented by net assets reduced to £519,583 (2015: £579,477). The net asset position is reviewed on a regular basis and the Company expects to continue to meet the solvency requirements set by the Financial Conduct Authority.

Credit risk

The company's principal credit risk relates to the recovery of trade debtors. This is managed by requiring clients to pay within commercially negotiated credit terms. Non payment within these terms can put clients' insurance cover at risk.

Going concern

Having taken into account the risks and uncertainties and the performance of the business as disclosed in this report and making sufficient enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis for preparing the annual report and accounts.

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's auditors are unaware, and

GENAVCO INSURANCE LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JANUARY 2016**

- 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's auditors are aware of that information.

AUDITORS

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

DIRECTORS' RESPONSIBILITIES STATEMENT

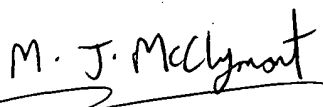
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 20 June 2016 and signed on its behalf.



M J McClymont
Director

Registered Office
87-135 Brompton Road
London
SW1X 7XL

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENAVCO INSURANCE LTD

We have audited the financial statements of Genavco Insurance Ltd for the period ended 30 January 2016, set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council'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 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 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 Company's affairs as at 30 January 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

GENAVCO INSURANCE LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENAVCO INSURANCE LTD

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Ed Jervis (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

25 Churchill Place
London
E14 5EY

23 June 2016

GENAVCO INSURANCE LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JANUARY 2016**

	Note	1 February 2015 to 30 January 2016 £	2 February 2014 to 31 January 2015 £
Turnover		1,510,015	1,555,371
Gross profit		1,510,015	1,555,371
Administrative expenses		(1,785,646)	(1,541,786)
Operating (loss)/profit		(275,631)	13,585
Interest receivable and similar income	6	4,480	6,833
Interest payable and expenses	7	(308)	(3,661)
(Loss)/profit on taxation		(271,459)	16,757
Tax on (loss)/profit	8	56,457	(250)
(Loss)/profit for the period		(215,002)	16,507
Other comprehensive income for the period			
Actuarial gains/(losses) on defined benefit pension scheme		189,156	(268,173)
Movement of deferred tax relating to pension scheme		(34,048)	48,391
Other comprehensive income for the period		155,108	(219,782)
Total comprehensive loss for the period		(59,894)	(203,275)

GENAVCO INSURANCE LTD
REGISTERED NUMBER:00879931

BALANCE SHEET
AS AT 30 JANUARY 2016

	Note	30 January 2016 £	31 January 2015 £
Fixed assets			
Tangible assets	9	11,469	13,102
		<u>11,469</u>	<u>13,102</u>
Current assets			
Debtors: amounts falling due within one year	10	2,394,219	2,652,836
Cash at bank and in hand	11	1,162,677	1,128,793
		<u>3,556,896</u>	<u>3,781,629</u>
Creditors: amounts falling due within one year	12	(3,260,131)	(3,131,902)
Net current assets		<u>296,765</u>	649,727
Total assets less current liabilities		<u>308,234</u>	662,829
Pension asset/(liability)	14	211,349	(83,352)
Net assets		<u><u>519,583</u></u>	<u><u>579,477</u></u>
Capital and reserves			
Called up share capital	13	500,000	500,000
Profit and loss account		19,583	79,477
		<u><u>519,583</u></u>	<u><u>579,477</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2016



D Meur
 Director

The notes on pages 9 to 24 form part of these financial statements.

GENAVCO INSURANCE LTD.

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JANUARY 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 February 2015	500,000	79,477	579,477
Comprehensive income for the period			
Loss for the period	-	(215,002)	(215,002)
Actuarial gains on pension scheme	-	155,108	155,108
Other comprehensive income for the period	-	155,108	155,108
Total comprehensive loss for the period	-	(59,894)	(59,894)
Total transactions with owners	-	-	-
At 30 January 2016	500,000	19,583	519,583

GENAVCO INSURANCE LTD

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 JANUARY 2015**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 February 2014	500,000	282,752	782,752
Comprehensive income for the period			
Profit for the period	-	16,507	16,507
Actuarial losses on pension scheme	-	(219,782)	(219,782)
Other comprehensive income for the period	-	(219,782)	(219,782)
Total comprehensive income for the period	-	(203,275)	(203,275)
Total transactions with owners	-	-	-
At 31 January 2015	500,000	79,477	579,477

The notes on pages 9 to 24 form part of these financial statements.

**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.

Information on the impact of first-time adoption of FRS 102 is given in note 18.

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.

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 the 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.

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 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 and these financial statements may be obtained from Registrar of Companies.

1.3 Turnover

Turnover represents the amount of broking commission earned by the company net of commission rebates, introductory commission and foreign exchange differences. Commission is recognised at the later of inception date and when a debit note is issued to the insured, with appropriate adjustments made where performance of services relating to insurance policies are not yet complete.

1.4 Tangible fixed assets

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

1. ACCOUNTING POLICIES (continued)

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:

The estimated useful lives range as follows:

Fixtures and fittings	-	5	years
Computer equipment	-	4	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 Statement of Comprehensive Income.

1.5 Operating leases

Rents payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the earlier of the period of the contract break clause or lease term.

1.6 Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

1.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

1.8 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 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 statement of comprehensive income 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 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.

1.9 Current and deferred taxation

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the Balance Sheet date.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in future, or a right to pay less tax in 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 schemes surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

1.10 Debtors

Debtors are measured at transaction price, less any impairment.

1.11 Creditors

Creditors are measured at the transaction price.

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	1 February 2015 to 30 January 2016	<i>2 February 2014 to 31 January 2015</i>
	£	£
Depreciation of tangible fixed assets	4,773	3,312
Auditors remuneration	33,545	33,030
Defined contribution pension cost	<u>51,399</u>	<u>46,935</u>

3. AUDITORS' REMUNERATION

	1 February 2015 to 30 January 2016	<i>2 February 2014 to 31 January 2015</i>
	£	£
Audit of the financial statements	25,679	25,319
Audit related assurance services	7,866	7,711
	<u>33,545</u>	<u>33,030</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

4. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	1 February 2015 to 30 January 2016	<i>2 February 2014 to 31 January 2015</i>
	£	£
Wages and salaries	1,207,085	1,013,372
Social security costs	109,882	101,554
Cost of defined contribution scheme	51,399	46,935
	1,368,366	<i>1,161,861</i>

The average monthly number of employees, including the directors, during the period was as follows:

	1 February 2015 to 30 January 2016	<i>2 February 2014 to 31 January 2015</i>
	No.	No.
Administration and support	22	<i>20</i>

5. DIRECTORS' REMUNERATION

	1 February 2015 to 30 January 2016	<i>2 February 2014 to 31 January 2015</i>
	£	£
Directors' emoluments	216,317	223,028
Company contributions to defined contribution pension schemes	5,993	8,182
	222,310	<i>231,210</i>

The highest paid director received remuneration of £145,696 (2015 - £146,437).

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2015 - £2327).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1 February 2015 to 30 January 2016	2 February 2014 to 31 January 2015
	£	£
Interest receivable from group companies	230	1,025
Other interest receivable	4,250	5,808
	4,480	6,833

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1 February 2015 to 30 January 2016	2 February 2014 to 31 January 2015
	£	£
Other finance cost	308	3,661
	308	3,661

8. TAXATION

	1 February 2015 to 30 January 2016	2 February 2014 to 31 January 2015
	£	£
Current Tax		
Group relief receivable for the period	(119,997)	(28,877)
Total current tax	(119,997)	(28,877)

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

Deferred tax

Origination and reversal of timing differences	63,540	29,127
Total deferred tax	<u>63,540</u>	<u>29,127</u>
Taxation on (loss)/profit on ordinary activities	<u>(56,457)</u>	<u>250</u>
Total current and deferred tax relating to items within other comprehensive income	<u>34,048</u>	<u>(48,391)</u>

FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD

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

	1 February 2015 to 30 January 2016	2 February 2014 to 31 January 2015
	£	£
(Loss)/profit on ordinary activities before tax	<u>(271,459)</u>	<u>16,757</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	(54,730)	3,573
Effects of:		
Expenses not deductible for tax purposes	1,649	1,537
Adjustments to tax charge in respect of tax rate changes	(3,376)	(4,860)
Total tax charge/(credit) for the period	<u>(56,457)</u>	<u>250</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 the 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

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

Deferred Tax

Deferred tax provided for at 18% (2015 20%) in the financial statements is set out below:

	1 February 2015 to 30 January 2016	2 February 2014 to 31 January 2015
	£	£
Timing differences in relation to:		
Fixed Assets	4,884	6,167
General Provisions	-	31,614
Pension scheme (note 14)	(46,394)	18,297
Total deferred tax (liability)/asset	(41,510)	56,078

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings
	£
Cost or valuation	
At 1 February 2015	177,244
Additions	3,140
At 30 January 2016	180,384
Depreciation	
At 1 February 2015	164,142
Charge owned for the period	4,773
At 30 January 2016	168,915

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

At 30 January 2016

11,469

At 31 January 2015

13,102

10. DEBTORS

	30 January 2016 £	31 January 2015 £
Trade debtors	2,181,453	2,517,048
Amounts owed by group undertakings	119,997	28,877
Other debtors	3,207	750
Prepayments and accrued income	84,678	68,380
Deferred taxation	4,884	37,781
	<u><u>2,394,219</u></u>	<u><u>2,652,836</u></u>

11. CASH AND CASH EQUIVALENTS

	30 January 2016 £	31 January 2015 £
Fiduciary cash held under a non statutory trust	1,148,203	1,056,109
Company cash	14,474	72,684
	<u><u>1,162,677</u></u>	<u><u>1,128,793</u></u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

12. CREDITORS: Amounts falling due within one year

	30 January 2016	<i>31 January 2015</i>
	£	£
Trade creditors	2,623,763	2,539,047
Amounts owed to group undertakings	510,174	465,460
Other creditors	21,196	21,196
Accruals and deferred income	104,998	106,199
	<u>3,260,131</u>	<u><i>3,131,902</i></u>

13. SHARE CAPITAL

	30 January 2016	<i>31 January 2015</i>
	£	£
Allotted, called up and fully paid		
500,000- Ordinary shares of £1 each	<u>500,000</u>	<u><i>500,000</i></u>

14. PENSION COMMITMENTS

Defined contribution pension scheme

The Group operates the Harrods Retirement Savings Plan, which is an approved defined contribution scheme; it was established in April 2006 and is provided and managed by Fidelity International. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £51,399 (2015- £46,935).

Contributions totalling £nil (2015-£nil) were payable to the scheme at the end of the period.

Defined benefit pension scheme

During the period the group operated the Harrods Group Pension Plan ('the Plan'), an approved defined

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

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 £77 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).

Reconciliation of present value of plan liabilities:

	30 January 2016	<i>31 January 2015</i>
	£	£
At the beginning of the year	(4,868,176)	<i>(4,482,016)</i>
Interest cost	(152,064)	<i>(180,083)</i>
Actuarial gains/losses	514,518	<i>(767,043)</i>
Deferred tax on pension scheme movement	(64,691)	<i>23,846</i>
Benefits paid	117,946	<i>125,198</i>
Transfers	-	<i>411,922</i>
At the end of the year	<u>(4,452,467)</u>	<i><u>(4,868,176)</u></i>

Reconciliation of present value of plan assets:

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

	30 January 2016 £	<i>31 January 2015 £</i>
At the beginning of the year	4,784,824	4,510,417
Interest income	151,756	184,448
Actuarial gains/losses	(325,362)	498,203
Contributions	178,429	140,026
Benefits paid	(117,946)	(125,198)
Past service cost	(7,885)	(8,025)
Transfers	-	(415,047)
At the end of the year	<u>4,663,816</u>	<u>4,784,824</u>
Composition of plan assets:		
	30 January 2016 £	<i>31 January 2015 £</i>
Equity Instruments	1,555,400	1,559,351
Debt instruments	1,905,632	1,933,370
Cash	133,074	433,778
Other assets	1,069,710	858,325
Total plan assets	<u>4,663,816</u>	<u>4,784,824</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

14. PENSION COMMITMENTS (continued)

	30 January 2016 £	<i>31 January 2015 £</i>
Fair value of plan assets	4,663,816	4,784,824
Present value of plan liabilities	(4,452,467)	(4,868,176)
Net pension scheme liability	<u>211,349</u>	<u>(83,352)</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £(1,552,706) (2015 - £(1,741,862)).

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

	2016	<i>2015</i>
Discount rate	3.75%	<i>3.15%</i>
Future pension increases	2.20%	<i>1.90%</i>
Inflation	3.0%	<i>2.7%</i>
Expected return on scheme assets - equity	n/a	<i>5.1%</i>
Expected return on scheme assets - cash	n/a	<i>1.4%</i>
Expected return on scheme assets - other	n/a	<i>3.2%</i>

Post retirement (at age 60) mortality assumptions

Current pensioners at retirement age - male	28 Years	<i>28.2 Years</i>
Current pensioners at retirement age - female	29.9 Years	<i>30.5 Years</i>
Future pensioners at retirement age - male	30.4 Years	<i>30.7 Years</i>
Future pensioners at retirement age - female	<u>32.2 Years</u>	<i><u>33 Years</u></i>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

14. PENSION COMMITMENTS (continued)

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

Defined benefit pension schemes

	2016 £	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(4,452,467)	(4,868,176)	(4,476,466)	(4,328,103)	(4,088,240)
Scheme assets	4,663,816	4,784,824	4,510,417	4,398,544	4,113,660
Surplus/(deficit)	211,349	(83,352)	33,951	70,441	25,420

15. CONTINGENT LIABILITIES

The Harrods Group (Holding) cash netting facility is guaranteed by Genavco insurance Limited and other group companies. The guarantee extends to Genavco Insurance Limited's non-client bank account only.

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

16. 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 £	31 January 2015 £
Not later than 1 year	59,167	50,833
Later than 1 year and not later than 5 years	5,000	64,167
Total	64,167	115,000

17. CONTROLLING PARTY

The company is controlled by Qatar Investment Authority. The company's immediate parent undertaking is Genavco Holdings Limited, a company registered in England and Wales. The ultimate UK parent undertaking of Genavco Holdings Limited is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The group accounts 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.

GENAVCO INSURANCE LTD

18. FIRST TIME ADOPTION OF FRS 102

The Company transitioned to FRS102 from previously extant UK GAAP as at 1 February 2015. The impact of this transition to FRS 102 is as follows:

Reconciliation of Balance Sheet	Note	<i>As previously stated 1 February 2014 £</i>	<i>Effect of transition 1 February 2014 £</i>	FRS 102 (as restated) 1 February 2014 £	<i>As previously stated 31 January 2015 £</i>	<i>Effect of transition 31 January 2015 £</i>	FRS 102 (as restated) 31 January 2015 £
Fixed assets		3,373	-	3,373	13,102	-	13,102
Current assets		3,406,554	2,730	3,409,284	3,778,815	2,814	3,781,629
Creditors: amounts falling due within one year		(2,640,868)	(14,314)	(2,655,182)	(3,117,946)	(13,956)	(3,131,902)
Net current assets		<u>765,686</u>	<u>(11,584)</u>	<u>754,102</u>	<u>660,869</u>	<u>(11,142)</u>	<u>649,727</u>
Total assets less current liabilities		769,059	(11,584)	757,475	673,971	(11,142)	662,829
Provisions for liabilities		-	25,277	25,277	(81,319)	(2,033)	(83,352)
Net assets		<u>769,059</u>	<u>13,693</u>	<u>782,752</u>	<u>592,652</u>	<u>(13,175)</u>	<u>579,477</u>
Capital and reserves		<u>769,059</u>	<u>13,693</u>	<u>782,752</u>	<u>592,652</u>	<u>(13,175)</u>	<u>579,477</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2016**

18. FIRST TIME ADOPTION OF FRS 102 (continued)

Reconciliation of Profit and Loss	Note	<i>As previously stated 31 January 2015 £</i>	<i>Effect of transition 31 January 2015 £</i>	FRS 102 (as restated) 31 January 2015 £
Turnover		1,555,371	-	1,555,371
Administrative expenses		(1,541,478)	(308)	(1,541,786)
Operating profit		13,893	(308)	13,585
Interest receivable and similar income		39,886	(33,053)	6,833
Interest payable and similar charges		-	(3,661)	(3,661)
Taxation		(10,404)	10,154	(250)
Profit on ordinary activities after taxation and for the financial period		<u>43,375</u>	<u>(26,868)</u>	<u>16,507</u>

Explanation of changes to previously reported profit and equity:

- 1 Defined benefit pension scheme finance cost increased by £36,714 due to the differences in recognition principles of defined benefit scheme asset/liability and related period costs under FRS17 (UK GAAP) and FRS102.
- 2 Holiday accrual cost increased by £308 due to FRS102 requiring that holiday pay should be accrued.
- 3 Impact on tax charge due to FRS102 adjustments was to reduce the tax charge by £10,154.