

Registered number: 5985365

Harrods Property Limited

Annual Report and Financial Statements

For the Period Ended 30 January 2016



Harrods Property Limited

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Harrods Property Limited

Strategic Report For the Period Ended 30 January 2016

Introduction

The directors present their strategic report for the period ended 30 January 2016.

Business review

During the year, Harrods Property Limited was acquired by Harrods Limited from Harrods Property Holdings Limited.

Principal activity

The principal activity of the company is the ownership and management of property and buildings.

Business risk

The major business risk for the company relates to events impacting the level of international travel to the UK, including terrorism and natural disasters.

Credit risk

The company has a significant loan to a group company. The loan to QH Partners Limited is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan.

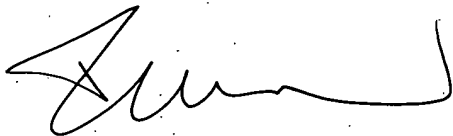
Interest rate risk

The interest payable recorded by the company on its loan from Harrods Holdings Limited is predominantly fixed. Therefore, there is deemed to be minimal interest rate risk.

Liquidity risk

The company has no cash outgoings. Therefore, there is deemed to be no liquidity risk as such.

This report was approved by the board on 7 June 2016 and signed on its behalf.



D J Webster
Company secretary

Harrods Property Limited

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.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £27.3m (2015 - loss £23.1m). The loss recorded in the prior year reflects the impact of transition to FRS102 (see note 16 for further details).

Turnover for the period of £48.4m (2015: £47.5m) has increased in line with RPI.

The directors did not pay a dividend in the period (2015: £nil)

DIRECTORS

The directors who served during the period were:

H Al-Abdulla (resigned 2 February 2015)
A M Al-Sayed (resigned 2 February 2015)
M A Ward
J P Edgar

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

Going concern

The company has a surplus of shareholders funds at 30 January 2016. The directors consider it appropriate for these financial statements to be prepared on a going concern basis. The company has sufficient cash reserves to meet any administrative expenses.

KPIs

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

Harrods Property Limited

Directors' Report For the Period Ended 30 January 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the 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 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.

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
- 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.

This report was approved by the board on 7 June 2016 and signed on its behalf.

D J Webster
Company Secretary



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

Harrods Property Limited

Independent Auditor's Report to the Members of Harrods Property Limited

We have audited the financial statements of Harrods Property Limited for the period ended 30 January 2016, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 16. 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, 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 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 profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland; 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.

Harrods Property Limited

Independent Auditor's Report to the Members of Harrods Property Limited (continued)

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.



Julie Carlyle (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

1 More London Place
London
SE1 2AF

Date: 8 June 2016

Harrods Property Limited

Statement of Comprehensive Income For the Period Ended 30 January 2016

	Note	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Turnover	2	48,407	47,530
Gross profit		<u>48,407</u>	<u>47,530</u>
Administrative expenses		(2,919)	(3,093)
Fair value movements		-	1,664
Operating profit		<u>45,488</u>	<u>46,101</u>
Interest receivable and similar income		-	1
Interest payable and expenses	5	(9,970)	(81,701)
Profit/(loss) before tax		<u>35,518</u>	<u>(35,599)</u>
Tax on profit/(loss)	6	(8,179)	12,490
Profit/(loss) for the period		<u><u>27,339</u></u>	<u><u>(23,109)</u></u>
Other comprehensive income for the period			
Total comprehensive income for the period		<u><u>27,339</u></u>	<u><u>(23,109)</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the income statement.

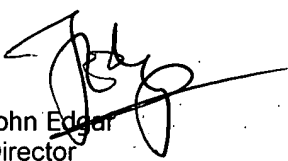
The company has no recognised gains or losses for the period other than the results above.

Harrods Property Limited
Registered number:5985365

Statement of Financial Position
As at 30 January 2016

	Note	30 January 2016 £000	31 January 2015 £000
Fixed assets			
Tangible assets	7	1,035,385	1,038,125
		<u>1,035,385</u>	<u>1,038,125</u>
Current assets			
Debtors: amounts falling due after more than one year	8	-	272,008
Debtors: amounts falling due within one year	8	265,464	356
Cash at bank and in hand		324	320
		<u>265,788</u>	<u>272,684</u>
Creditors: amounts falling due within one year	9	(270,992)	(25,527)
Net current (liabilities)/assets		<u>(5,204)</u>	<u>247,157</u>
Total assets less current liabilities		<u>1,030,181</u>	<u>1,285,282</u>
Creditors: amounts falling due after more than one year	10	(835,630)	(1,118,388)
Provisions for liabilities			
Deferred tax		(318)	-
		<u>(318)</u>	<u>-</u>
Net assets		<u>194,233</u>	<u>166,894</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		194,133	166,794
		<u>194,233</u>	<u>166,894</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2016.


John Edgar
Director

The notes on pages 10 to 20 form part of these financial statements.

Harrods Property Limited

**Statement of Changes in Equity
As at 30 January 2016**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 February 2015	100	166,794	166,894
Comprehensive income for the period			
Profit for the period	-	27,339	27,339
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	27,339	27,339
Total transactions with owners	-	-	-
At 30 January 2016	100	194,133	194,233

The notes on pages 10 to 20 form part of these financial statements.

Harrods Property Limited

**Statement of Changes in Equity
As at 31 January 2015**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 2 February 2014	100	189,903	190,003
Comprehensive income for the period			
Loss for the period	-	(23,109)	(23,109)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(23,109)	(23,109)
Total transactions with owners	-	-	-
At 31 January 2015	100	166,794	166,894

The notes on pages 10 to 20 form part of these financial statements.

Harrods Property 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 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.

Information on the impact of first-time adoption of FRS 102 is given in note 16.

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.

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 Limited as at 30 January 2016 and these financial statements may be obtained from the Registrar of Companies.

1.3 Turnover

Turnover is rental income from Harrods Limited and is accounted for on an accruals basis.

1.4 Tangible fixed assets and depreciation

Freehold properties are stated at fair value less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives.

The estimated useful lives range as follows:

Land	-	Not depreciated
Plant and fittings	-	3-20 years
Freehold property	-	10-50 years

It is the practice of the company to maintain its properties to a high standard. Accordingly, for the Harrods Department store in Knightsbridge, the directors consider that the life of this asset is so long, and the residual value (based upon prices prevailing at the time of the acquisition or subsequent valuation) is so high, that the depreciation is immaterial. Any permanent diminution in the value of this property is charged to the profit and loss account as appropriate.

Harrods Property Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

1. Accounting policies (continued)

1.5 Operating leases

Where the company retains subsequently all the risk and rewards of ownership of the asset subject to the lease, the asset is shown within tangible fixed assets. Rental income from these operating leases is recognised on a systematic basis over the period of the lease.

1.6 Financial instruments

On 30 April 2015, the syndicated bank loan was repaid in full. A new group loan was granted from Harrods Holdings Limited for £835.6m to enable Harrods Property Limited to repay the debt in full, including its SWAP liability. The loan is interest bearing and repayable in 7 years from the date of the agreement.

1.7 Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the company 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.

2. Turnover

The turnover and profit/(loss) on ordinary activities before taxation is attributable to:

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Rents receivable from group companies	48,407	47,530
	<u>48,407</u>	<u>47,530</u>

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Depreciation of tangible fixed assets	2,742	2,961
Auditor's remuneration (Audit services)	<u>23</u>	<u>23</u>

Harrods Property Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

4. Directors and Employees

Remuneration for the directors of the company is paid for by another group company. It is not practical to determine the proportion of their emoluments which relate to their services as directors of this company.

The company did not employ any persons or incur any staff costs during the period (2015: £nil).

5. Interest payable and similar charges

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Interest payable on bank loan	3,713	31,022
Finance (income)/charge on swaps	(7,926)	50,421
Loans from group undertakings	13,725	-
Amortisation of issue costs	458	258
	<u>9,970</u>	<u>81,701</u>

Finance charge on swaps in the current year includes a decrease in the mark-to-market value of its SWAP liabilities from the beginning of the year up to the date the company discharged those liabilities, of £9.1m (2015: increase of £46.3m).

Harrods Property Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

6. Taxation

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Current tax		
Group relief payable for the period	1,318	2,660
Adjustment in respect of prior years	(2)	(2)
Total tax for the period	1,316	2,658
Deferred tax		
Origination and reversal of timing differences	8,766	(15,149)
Effect of decrease in tax rate on opening balances	(1,902)	-
Adjustment in respect of prior years	(1)	1
Total deferred tax	6,863	(15,148)
Taxation on profit/(loss) on ordinary activities	8,179	(12,490)

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 the main rate of corporation tax reducing from 23% to 21% on 1 April 2014, then to 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 recognised at rates between 18% and 20% in accordance with the rate of corporation tax applicable in the accounting periods in which the deferred tax asset/liability is expected to reverse.

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.

Harrods Property Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

Taxation (continued)

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:

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Profit/(loss) on ordinary activities before tax	<u>35,518</u>	<u>(35,599)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	7,160	(7,590)
Effects of:		
Expenses not deductible for tax purposes	336	355
Impact of tax rate changes	1,902	556
Origination and reversal of investment property timing differences	(1,216)	(5,810)
Adjustments in respect of prior periods	(3)	(1)
Total tax charge/(credit) for the period	<u>8,179</u>	<u>(12,490)</u>
 Deferred tax is provided as follows:		
	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Timing differences in relation to:		
Capital allowances	79	73
Derivative instruments (terminated swaps)	44,909	52,993
Deferred tax assets	<u>44,988</u>	<u>53,066</u>
 Investment property revaluation	(45,306)	(46,521)
Deferred tax (liabilities)	<u>(45,306)</u>	<u>(46,521)</u>

Harrods Property Limited

**Notes to the Financial Statements
For the Period Ended 30 January 2016**

7. Tangible fixed assets

	Freehold property	Plant and machinery	Fixtures and fittings	Other fixed assets	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 February 2015	1,023,600	37,354	1,398	117	1,062,469
At 30 January 2016	1,023,600	37,354	1,398	117	1,062,469
Depreciation					
At 1 February 2015	13,600	9,229	1,397	117	24,343
Charge owned for the period	1,664	1,076	1	-	2,741
At 30 January 2016	15,264	10,305	1,398	117	27,084
At 30 January 2016	<u>1,008,336</u>	<u>27,049</u>	<u>-</u>	<u>-</u>	<u>1,035,385</u>
<i>At 31 January 2015</i>	<i><u>1,010,000</u></i>	<i><u>28,124</u></i>	<i><u>1</u></i>	<i><u>-</u></i>	<i><u>1,038,125</u></i>

Freehold properties are stated at fair value using the existing use value method.

All of the company's fixed assets are held for use in operating leases. During the period rental income of £48.4m (2015: £47.5m) has been recognised in respect of these operating leases.

Harrods Property Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

8. Debtors

	30 January 2016 £000	31 January 2015 £000
Due after more than one year		
Amounts owed by group undertakings	-	265,463
Deferred tax asset	-	6,545
	-	272,008
	30 January 2016 £000	31 January 2015 £000
Due within one year		
Amounts owed by group undertakings	265,462	-
Other debtors	2	2
Prepayments and accrued income	-	354
	265,464	356
	30 January 2016 £000	31 January 2015 £000
Syndicated bank loan	-	13,924
Amounts owed to group undertakings	263,245	-
Corporation tax	3,975	2,659
Bank interest payable	-	5,133
Accruals and deferred income	3,772	3,811
	270,992	25,527

Amounts due to group undertakings includes a loan from Harrods Limited, which is non-interest bearing and is repayable on demand by the lender. At the period end, the loan outstanding was £263.2m (2015: (due after more than one year) £285.6m).

During the prior year, the loan was classified within Creditors due after more than one year. On 6th November 2015, the terms of the loan(s) were amended to become payable on demand and have now been re-classified as amounts due within one year.

Harrods Property Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

10. Creditors: Amounts falling due after more than one year

	30 January 2016 £000	31 January 2015 £000
Syndicated bank loan	-	516,881
Amounts owed to group undertakings	835,630	285,607
Unamortised swap liability owing to swap counterparty	-	315,900
	<u>835,630</u>	<u>1,118,388</u>

On 30 April 2015, the syndicated bank loan was repaid in full. A new group loan was granted from Harrods Holdings Limited for £835.6m to enable Harrods Property Limited to repay the debt in full, including its SWAP liability. The loan is interest bearing and repayable in 7 years from the date of the agreement.

Amounts previously classified as Creditors due after more than one year relate to amounts due to Group undertakings. On 6th November 2015, the terms of the loan(s) were amended to become payable on demand and have now been re-classified as amounts due within one year.

11. Share capital

	30 January 2016 £000	31 January 2015 £000
Allotted, called up and fully paid		
100,002- Ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

Dividends are paid at the discretion of the directors.

12. Capital commitments

The company had no capital commitments at 30 January 2016 or 31 January 2015.

13. Contingent liabilities

On 30 April 2015, the company granted a second charge over the company's properties in favour of the trustee of the Harrods Group Pension Plan as security for the payment and discharge of the liabilities of the pension plan of Harrods Holdings Limited, the principal employer, and other connected and associated persons.

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

Harrods Property Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

14. Related party transactions

During the year, Harrods Property Limited was acquired by Harrods Limited from Harrods Property Holdings Limited.

The company is a wholly owned subsidiary and has taken advantage of the exemption in FRS102, 33.7 "Related Party Disclosures" from disclosing transactions with other members of the group.

Loans previously stated as related party loans are now loans from/to Group undertakings.

There are no other related party transactions.

15. Controlling party

The company's immediate parent undertaking is Harrods Limited, a company registered in England and Wales. The ultimate UK parent undertaking of Harrods 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 smallest such group of undertakings for which group accounts have been drawn up is headed by Harrods 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.

Harrods Property Limited

16. 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 balance sheet

	<i>As previously stated 1 February 2014 £000</i>	<i>Effect of transition 1 February 2014 £000</i>	FRS 102 (as restated) 1 February 2014 £000	<i>As previously stated 31 January 2015 £000</i>	<i>Effect of transition 31 January 2015 £000</i>	FRS 102 (as restated) 31 January 2015 £000
Fixed assets	641,016	398,406	1,039,422	638,055	400,070	1,038,125
Current assets	266,231	(8,659)	257,572	266,211	6,472	272,683
Creditors: amounts falling due within one year	(23,706)	-	(23,706)	(25,527)	-	(25,527)
Net current assets	242,525	(8,659)	233,866	240,684	6,472	247,156
Total assets less current liabilities	883,541	389,747	1,273,288	878,739	406,542	1,285,281
Creditors: amounts falling due after more than one year	(868,494)	(214,791)	(1,083,285)	(855,613)	(262,775)	(1,118,388)
Net assets	15,047	174,956	190,003	23,126	143,767	166,893
Capital and reserves	15,047	174,956	190,003	23,126	143,767	166,893

Harrods Property Limited

Notes to the Financial Statements For the Period Ended 30 January 2016

16. First time adoption of FRS 102 (continued)

Reconciliation of profit and loss

	As previously stated 31 January 2015 £000	Effect of transition 31 January 2015 £000	FRS 102 (as restated) 31 January 2015 £000
Turnover	47,530	-	47,530
	47,530	-	47,530
Administrative expenses	(3,093)	-	(3,093)
Other operating income	-	1,664	1,664
Operating profit	44,437	1,664	46,101
Interest receivable and similar income	1	-	1
Interest payable and similar charges	(33,717)	(47,984)	(81,701)
Taxation	(2,642)	15,132	12,490
Profit/(loss) on ordinary activities after taxation and for the financial period	8,079	(31,188)	(23,109)

Explanation of changes to previously reported profit and equity:

1 Investment properties

Under FRS 102, changes in the fair value of investment properties are recorded in the profit and loss account. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses. As a result, the properties have been revalued retrospectively to £1.010bn, (increase of £398.4m at 1 February 2014 and £1,664k at 31 January 2015) with the fair value adjustment (£1,664k) at 31 January 2015 recorded in profit or loss.

2 Derivatives

Interest rate swaps are recorded on the balance sheet at fair value and accounted for as fair value through profit and loss. Under previous UK GAAP, these were recognised on an accruals basis or at contracted rates. The impact is the recognition of IR SWAPS at 1 February 2014 of 214.8m and £262.8m at 31 January 2015, with the fair value in the profit and loss at 31 January 2015 of £47,984k.

3 Deferred tax

Deferred tax has been recognised on fair value remeasurements on financial and non-financial assets and on fair value adjustments arising on: Investment property revaluations - DT creditor £51,977k at 1 February 2014, £46,522k at 31 January 2015. Derivatives – Interest rate SWAPS – DT asset £43,317k at 1 February 2014, £52,994k at 31 January 2015. At 31 January 2015, this resulted in P&L movement of: Deferred tax on SWAPS -£9,677k, Deferred tax on property valuations -£5,455k.