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QH Partners Limited

Directors' Report and Financial Statements

for the Period ended 1 February 2014

Company no 5961740

QH Partners Limited

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QH Partners Limited

Directors' Report for the Period ended 1 February 2014

The Directors present their report together with the audited financial statements for the 53 weeks ended 1 February 2014 (2013: 52 weeks ended 2 February 2013).

Principal activity

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

Business review

There was a profit for the period after taxation amounting to £41.4m (2013:£29.2m). The company paid a dividend during the period of £41.4m (2013: £27.6m).

Principal risks and uncertainties

The principal risks facing the Company are a decrease in the value of investments in subsidiary undertakings to below cost value, which would occur if there was a decline in the underlying performance of subsidiaries, and the recoverability of intercompany- receivables.

Directors of the company

The membership of the Board is set out below. All served on the Board throughout the period unless otherwise noted.

H.E. H A Al-Abdulla

H.E. A M Al-Sayed

K Maamria (resigned 29 May 2014)

K J Al-Kuwari

M A Ward

J P Edgar

Going concern

The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company's debt is repayable with not less than 12 months notice by the lender. As of the date of signing, no such notice had been served.

KPIs

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

QH Partners Limited

Statement of Directors' Responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

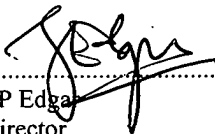
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

Ernst & Young LLP were appointed as auditors on 12th January 2012.

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 June 2014


.....
J P Edga
Director

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

Independent Auditor's Report to the Members of QH Partners Limited

We have audited the financial statements of QH Partners Limited for the period from 3 February 2013 to 1 February 2014 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Directors' Responsibilities set out on page 2, 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 (APB'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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 February 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

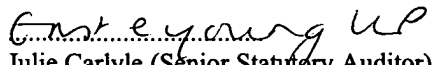
**Independent Auditor's Report to the Members of
QH Partners Limited**

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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

30 June 2014

QH Partners Limited
Profit and Loss Account for the Period ended 1 February 2014

	Note	52 weeks ended 1 February 2014 £000	53 weeks ended 2 February 2013 £000
Turnover		-	-
Operating profit/(loss)	2	-	-
Income from shares in group undertakings	3	41,359	27,573
Profit on ordinary activities before taxation		41,359	27,573
Tax on profit on ordinary activities	4	-	1,673
Profit for the financial period	10	41,359	29,246

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial period.

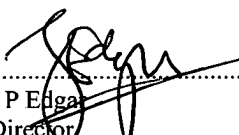
The notes on pages 7 to 12 form an integral part of these financial statements.

QH Partners Limited

Balance Sheet at 1 February 2014

	Note	1 February 2014 £000	2 February 2013 £000
Fixed assets			
Investments	5	<u>291,450</u>	<u>291,450</u>
Current assets			
Debtors	6	-	1,673
Cash at bank and in hand		<u>1</u>	<u>1</u>
		1	1,674
Creditors: Amounts falling due within one year		<u>(1)</u>	<u>-</u>
Net current assets		<u>-</u>	<u>1,674</u>
Total assets less current liabilities		291,450	293,124
Creditors: Amounts falling due after more than one year	7	<u>(265,463)</u>	<u>(267,136)</u>
Net assets		<u>25,987</u>	<u>25,988</u>
Capital and reserves			
Called up share capital	8	1,450	1,450
Profit and loss account	10	<u>24,537</u>	<u>24,538</u>
Shareholders' funds	11	<u>25,987</u>	<u>25,988</u>

The financial statements were approved by the Board of Directors on 23 June 2014


 J P Edga
 Director

Company registration no: 5961740

The notes on pages 7 to 12 form an integral part of these financial statements.

QH Partners Limited

Notes to the Financial Statements for the Period ended 1 February 2014

1 Accounting policy

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The directors consider it appropriate for these financial statements to be prepared on a going concern basis as the company's debt is repayable with not less than 12 months notice by the lender. As of the date of signing, no such notice had been served.

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

QH Partners Limited is a wholly owned subsidiary of Harrods Group (Holding) Limited which produces Group accounts in accordance with the Companies Act 2006. Consequently the company has taken advantage of the exemption permitted by section 400 of the Act from producing Group accounts. These accounts therefore present information about the company and not about its group.

The company's ultimate UK parent Harrods Group (Holding) Limited produces a consolidated cash flow statement in accordance with Financial Reporting Standard No 1 (FRS1). Consequently the company has taken advantage of the exemption in FRS1 from producing a cash flow statement.

Investments

Investments are included at cost less provision for impairment, where appropriate.

Dividend Income

Revenue is recognised when the Group's right to receive payment is established.

2 Operating profit

No emoluments were paid to the directors of the company during the period (2013: £nil) for qualifying services.

The company did not employ any persons or incur any staff costs during the period (2013: £nil).

Audit fees for the period were £nil (2013: £nil) as they were borne by another group company.

QH Partners Limited
Notes to the Financial Statements for the Period ended 1 February 2014
..... continued

3 Other income

	52 weeks ended 1 February 2014 £000	53 weeks ended 2 February 2013 £000
Investment income: Dividends received from group undertakings	41,359	27,573
	<u>41,359</u>	<u>27,573</u>

4 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents:

	52 weeks ended 1 February 2014 £000	53 weeks ended 2 February 2013 £000
Current tax		
Current tax credit: Group relief receivable	-	(1,673)
	<u>-</u>	<u>(1,673)</u>

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.16% (2013 - 24.33%).

The differences are reconciled below:

	52 weeks ended 1 February 2014 £000	53 weeks ended 2 February 2013 £000
Profit on ordinary activities before taxation	41,359	27,573
Corporation tax at standard rate	9,579	6,709
Dividends income not assessable for tax purposes	(9,579)	(6,709)
Group relief on imputed interest expense for transfer pricing adjustments	-	(1,673)
Total current tax	<u>0</u>	<u>(1,673)</u>

QH Partners Limited
Notes to the Financial Statements for the Period ended 1 February 2014
..... continued

5 Investments held as fixed assets

	1 February 2014 £000	2 February 2013 £000
Shares in group undertakings and participating interests	<u>291,450</u>	<u>291,450</u>

QH Partners Limited
Notes to the Financial Statements for the Period ended 1 February 2014

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Investments held as fixed assets (continued)

Shares in group undertakings and participating interests

	Subsidiary undertakings £000
Cost	
At 3 February 2013	291,450
At 1 February 2014	291,450
Net book value	
At 2 February 2013 and 1 February 2014	291,450

The company owns 27.57% of Harrods Holdings Limited, which is registered in England and Wales and operates in the United Kingdom. The principal activity of Harrods Holdings Limited is an intermediary holding company for the Harrods retail group.

6 Debtors

	1 February 2014 £000	2 February 2013 £000
Other debtors: Group relief receivable	-	1,673
	-	1,673

7 Creditors: Amounts falling due after more than one year

	1 February 2014 £000	2 February 2013 £000
Other loans: Amounts owed to group undertakings	265,463	267,136

QH Partners Limited
Notes to the Financial Statements for the Period ended 1 February 2014
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8 Share capital

Allotted, called up and fully paid shares

	1 February 2014 £000	2 February 2013 £000
1,450,000 Authorised, issued, and fully paid		
1,450,000 Ordinary shares of £1 each	<u>1,450</u>	<u>1,450</u>

9 Dividends

	1 February 2014 £000	2 February 2013 £000
Dividends paid		
Dividend paid	<u>41,360</u>	<u>27,573</u>

10 Reserves

	Profit and loss account £000
At 3 February 2013	24,538
Profit for the period	41,359
Dividends	<u>(41,360)</u>
At 1 February 2014	<u>24,537</u>

QH Partners Limited
Notes to the Financial Statements for the Period ended 1 February 2014
..... continued

11 Reconciliation of movement in shareholders' funds

	52 weeks ended 1 February 2014 £000	53 weeks ended 2 February 2013 £000
Profit attributable to the members of the company	41,359	29,246
Dividends	<u>(41,360)</u>	<u>(27,573)</u>
Net (reduction)/addition to shareholders' funds	(1)	1,673
Shareholders' funds at start of period	<u>25,988</u>	<u>24,315</u>
Shareholders' funds at end of period	<u><u>25,987</u></u>	<u><u>25,988</u></u>

12 Capital commitments

The company had no capital commitments at 1 February 2014 or 2 February 2013.

13 Contingent liabilities

There were no contingent liabilities at 1 February 2014 or 2 February 2013.

14 Transactions with directors and other related parties

The company has been granted a loan from Harrods Property Limited. The debt is non-interest bearing and is repayable with not less than 12 months' notice by the lender. At the period end, the loan outstanding was £265.5m (2013: £267.1m).

There are no other related party transactions.

15 Ultimate parent undertaking

The company's immediate parent undertaking is QH Participations Limited, a company incorporated in the United Kingdom. The ultimate UK parent undertaking of QH Participations Limited is Harrods Group (Holding) Limited. The largest and smallest 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.