

Harrods Corporate Management Limited

Reports and Financial Statements

for the Period ended 31 January 2015

Registration number: 8022049

Harrods Corporate Management Limited
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Harrods Corporate Management Limited
Directors' Report for the Period ended 31 January 2015

The directors present their report and the financial statements for the period ended 31 January 2015.

Directors of the company

The directors who held office during the period were as follows:

H.E. H A Al-Abdulla (resigned 2 February 2015)

H.E. A M Al-Sayed (resigned 2 February 2015)

K Maamria (resigned 29 May 2014)

K J Al-Kuwari (resigned 2 September 2014)

M A Bin Yusof

M A Ward

J P Edgar

KPIs

There are no KPIs required to be reported other than turnover, margin and operating profit that would give a fuller understanding of 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 have adopted the going concern basis in preparing the annual report and accounts.

Harrods Corporate Management 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 apply them consistently;
- make judgements 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 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

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

Ernst & Young LLP were appointed as auditors on 5 April 2012.

Approved by the Board on 22 April 2015 and signed on its behalf by:



.....
D J Webster
Company secretary

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

Harrods Corporate Management Limited
Strategic Report for the Period ended 31 January 2015

The directors present their strategic report for the period ended 31 January 2015.

Principal activity

The principal activity of the company is the ownership and licensing of the Harrods trademarks to several trading entities in the United Kingdom and overseas.

Business review

There was a profit for the period after taxation amounting to £3.2m (2014: £2.1m). The directors did not pay a dividend in the period (2014: £nil)

Principal risks and uncertainties

Interest rate risk

The company is exposed to risk of increase in interest rate on its borrowing at a floating rate from a group undertaking. However, given the significant cover that the company enjoys on its income stream relative to its interest obligations, Management assesses that this does not present any significant risk.

Liquidity risk

The company receives its income from royalties derived from sales of Harrods Limited, Harrods International Limited as well as smaller group undertakings utilising the Harrods trademark name for commercial advantage. There is a risk that royalties received will significantly drop if trade conditions deteriorate in these companies in future at a sufficient scale to prevent the company from meeting its interest obligations. Management is however confident that the current forecasts of trade by its licensees as well as the benign interest rate environment provides the company sufficient buffer for the foreseeable future.

Approved by the Board on 22 April 2015 and signed on its behalf by:



.....
D J Webster
Company secretary

Independent Auditor's Report to the Members of Harrods Corporate Management Limited

We have audited the financial statements of Harrods Corporate Management Limited for the period from 2 February 2014 to 31 January 2015 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 auditor

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 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 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 31 January 2015 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
Harrods Corporate Management 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.

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

1 More London Place
London
SE1 2AF

Date: *28 April 2015*

Harrods Corporate Management Limited
Profit and Loss Account for the Period ended 31 January 2015

	Note	52 weeks ended 31 January 2015 £m	52 weeks ended 1 February 2014 £m
Turnover	2	35.7	35.6
Administrative expenses		<u>(10.9)</u>	<u>(10.8)</u>
Operating profit	3	24.8	24.8
Net Interest payable	4	<u>(17.8)</u>	<u>(18.8)</u>
Profit on ordinary activities before taxation		7.0	6.0
Tax on profit on ordinary activities	5	<u>(3.8)</u>	<u>(3.9)</u>
Profit for the financial period	11	<u><u>3.2</u></u>	<u><u>2.1</u></u>

Turnover and operating profit derive wholly from continuing operations.

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

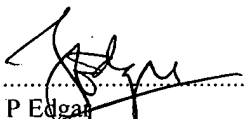
Harrods Corporate Management Limited

(Registration number: 8022049)

Balance Sheet at 31 January 2015

	Note	31 January 2015 £m	1 February 2014 £m
Fixed assets			
Intangible fixed assets	6	511.0	521.9
Current assets			
Debtors	7	3.6	3.4
Cash at bank and in hand		0.8	2.1
		4.4	5.5
Creditors: Amounts falling due within one year	8	(7.4)	(9.0)
Net current liabilities		(3.0)	(3.5)
Total assets less current liabilities		508.0	518.4
Creditors: Amounts falling due after more than one year	9	(502.5)	(516.1)
Net assets		5.5	2.3
Capital and reserves			
Called up share capital	10	0.0	0.0
Profit and loss account	11	5.5	2.3
Shareholders' funds	12	5.5	2.3

Approved by the Board on 22 April 2015 and signed on its behalf by:



 J P Edgar
 Director

The notes on pages 8 to 12 form an integral part of these financial statements.

Harrods Corporate Management Limited
Notes to the Financial Statements for the Period ended 31 January 2015

1 Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis.

Intangible assets

Trademarks are included at cost subject to an annual impairment review, and are amortised over 50 years.

Turnover

Turnover includes royalties received from trading entities using the Harrods brand name for commercial advantage.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Turnover

The turnover and profit on ordinary activities before taxation is attributable to continuing operations as follows:

	52 weeks ended 31 January 2015 £m	52 weeks ended 1 February 2014 £m
Royalties arising on licensing agreements	<u>35.7</u>	<u>35.6</u>

3 Operating profit

Operating profit is stated after charging:

	52 weeks ended 31 January 2015 £m	52 weeks ended 1 February 2014 £m
Amortisation	<u>10.9</u>	<u>10.8</u>

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 31 January 2015

..... continued

Operating profit (continued)

Audit fees for the period were £4,148 (2014: charge £2,307).

The company did not employ any persons or incur any staff costs during the period (2014: £nil).

No emoluments were paid to the directors of the company during the period (2014: £nil) in respect of qualifying services.

4 Net Interest payable

	52 weeks ended 31 January 2015 £m	52 weeks ended 1 February 2014 £m
Interest on loans from group undertakings	17.8	18.7
Other interest payable	0.0	0.1
	<u>17.8</u>	<u>18.8</u>

5 Taxation

Tax on profit on ordinary activities

	52 weeks ended 31 January 2015 £m	52 weeks ended 1 February 2014 £m
Current tax		
Group relief payable	<u>3.8</u>	<u>3.9</u>

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 31 January 2015

..... continued

Taxation (continued)

Factors affecting current tax charge for the period

Tax on profit on ordinary activities for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21.32% (2014 - 23.16%).

The differences are reconciled below:

	52 weeks ended 31 January 2015 £m	52 weeks ended 1 February 2014 £m
Profit on ordinary activities before taxation	7.0	6.0
Corporation tax at standard rate	1.5	1.4
Expenses not deductible for tax purposes	2.3	2.5
Total current tax	3.8	3.9

6 Intangible fixed assets

	Trademarks £m
Cost	
At 2 February 2014	541.0
At 31 January 2015	541.0
Amortisation	
At 2 February 2014	19.1
Charge for the period	10.9
At 31 January 2015	30.0
Net book value	
At 31 January 2015	511.0
At 1 February 2014	521.9

7 Debtors

	31 January 2015 £m	1 February 2014 £m
Prepayments and accrued income	3.6	3.4

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 31 January 2015

..... *continued*

8 Creditors: Amounts falling due within one year

	31 January 2015 £m	1 February 2014 £m
Amounts owed to group undertakings	-	1.3
Group relief payable	3.6	3.9
Other taxes and social security	2.1	2.0
Accruals and deferred income	1.7	1.7
Other creditors	-	0.1
	<u>7.4</u>	<u>9.0</u>

9 Creditors: Amounts falling due after more than one year

	31 January 2015 £m	1 February 2014 £m
Other loans	502.5	516.1
Loan refers to interest bearing loan from Harrods Limited.		

10 Share capital

	31 January 2015 £
Authorised:	
Allotted, called up and fully paid 100 shares of £1.00 each	100
	<u>100</u>

11 Reserves

	Profit and loss account £m
At 2 February 2014	2.3
Profit for the period	3.2
At 31 January 2015	<u>5.5</u>

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 31 January 2015

..... *continued*

12 Reconciliation of movement in shareholders' funds

	31 January 2015 £m	1 February 2014 £m
Profit attributable to the members of the company	3.2	2.1
Net addition to shareholders' funds	3.2	2.1
Shareholders' funds at start of period	2.3	0.2
Shareholders' funds at end of period	5.5	2.3

13 Related party transactions

In its first period of operation ending 2 February 2013, Harrods Corporate Management Limited acquired the Harrods trademarks from Harrods Limited, a group undertaking, for a consideration of £541m through an interest bearing loan from Harrods Limited.

Harrods Corporate Management Limited receives royalties from a number of group undertakings for use of the Harrods trademarks. In the period ending 31 January 2015, all of the income received by Harrods Corporate Management Limited (£35.7m) (2014 £35.6m) was from group undertakings.

As at 31 January 2015, the loan outstanding to Harrods Limited was £502.5m (2014 £516.1m)

14 Control

The company's immediate parent undertaking is Harrods Holdings Limited, a company incorporated in the United Kingdom. The ultimate UK parent undertaking of Harrods Holdings 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.