

Registration number: 99442

Harrods Beauty Limited

Directors' Report and Unaudited Financial Statements
for the period ended 30 January 2021

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Harrods Beauty Limited

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Harrods Beauty Limited
Directors' Report
for the period ended 30 January 2021

The Directors present their report and the financial statements for the period ended 30 January 2021.

Principal activity

The principal activity of the company is that it operates the Harrods Beauty stores.

Fair review of the business

There was a loss for the period after taxation amounting to £2,338k (2020: £nil) impacted by the store closure due to the government imposed lockdowns. Dividends of £nil have been declared in relation to the year ended 30 January 2021 (2020: £nil).

Principal risks and uncertainties

The major business risks and uncertainties for the Harrods Beauty business relate to:

- i) Covid-19 and its impact on the UK economy
- ii) Evolving customer needs and expectations, with increasing shift to online shopping

The directors continue to reassess and monitor risk through the risk management committee and where possible mitigation plans are put in place accordingly.

Covid-19

The Covid-19 pandemic has been a significant challenge for the business. The impact of the crisis, and subsequent closure of the store, has reached our employees, customers and supply chain, together with the local community.

The safety of our employees and customers is of utmost importance. The difficult decision was taken to close the Thurrock store following the government mandate that all non-essential shops be closed during the lockdowns that took place in the period from November 2020 to April 2021. During the closure, the company furloughed the majority of employees under the UK Coronavirus Job Retention Scheme.

Directors of the company

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

M A Ward

D J Webster

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

Key performance indicators

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

Future developments

The company plans to open further stores as and when suitable opportunities arise.

Going concern


After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Harrods Beauty Limited
Directors' Report
for the period ended 30 January 2021 (continued)

Post balance sheet events

Since the period end, the company has opened an additional Store in April 2021, and has signed a further three leases for stores across the country, with planned opening dates in late 2021 and 2022.

Approved by the Board on 26 October 2021 and signed on its behalf by:



.....
D J Webster
Company secretary and director

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

Harrods Beauty Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual 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), 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 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.

Harrods Beauty Limited

Profit and Loss Account for the Period ended 30 January 2021

		52 weeks ended 30 January 2021 £ 000	52 weeks ended 01 February 2020 £ 000
	Note		
Turnover	2	1,351	-
Cost of sales		<u>(894)</u>	<u>-</u>
Gross profit		457	-
Distribution costs		(3,088)	-
Administrative expenses		(430)	-
Other operating income	3	<u>194</u>	<u>-</u>
Operating loss	4	<u>(2,867)</u>	<u>-</u>
Loss before tax		(2,867)	-
Taxation	7	<u>529</u>	<u>-</u>
Loss for the financial period		<u><u>(2,338)</u></u>	<u><u>-</u></u>

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

The notes on pages 7 to 13 form an integral part of these financial statements.

Harrods Beauty Limited
(Registration number: 99442)
Balance Sheet
as at 30 January 2021

	Note	30 January 2021 £ 000	01 February 2020 £ 000
Fixed assets			
Intangible assets	8	28	-
Tangible assets	9	<u>5,076</u>	<u>-</u>
		<u>5,104</u>	<u>-</u>
Current assets			
Stocks	10	1,556	-
Debtors: Amounts owed by group undertakings	11	568	6
Cash at bank and in hand		<u>1,816</u>	<u>-</u>
		3,940	6
Creditors: Amounts falling due within one year	12	<u>(11,374)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(7,434)</u>	<u>6</u>
Total assets less current liabilities		(2,330)	6
Provisions for liabilities		<u>(2)</u>	<u>-</u>
Net (liabilities)/assets		<u>(2,332)</u>	<u>6</u>
Capital and reserves			
Called up share capital	13	6	6
Profit and loss account		<u>(2,338)</u>	<u>-</u>
Total equity		<u>(2,332)</u>	<u>6</u>

For the financial period ending 30 January 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 26 October 2021 and signed on its behalf by:

.....
M A Ward
Director

The notes on pages 7 to 13 form an integral part of these financial statements.
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Harrods Beauty Limited

Statement of Changes in Equity for the Period ended 30 January 2021

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 3 February 2019	6	-	6
At 1 February 2020	6	-	6
At 2 February 2020	6	-	6
Loss for the period	-	(2,338)	(2,338)
Total comprehensive income	-	(2,338)	(2,338)
At 30 January 2021	6	(2,338)	(2,332)

Harrods Beauty Limited
Notes to the Financial Statements
for the Period Ended 30 January 2021

1 Accounting policies

Basis of preparation

The Financial Statements have been prepared under the historical costs 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.

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.

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); and
- the requirements of Section 33 Related Party Disclosures.

This information is included in the Consolidated Financial Statements of Harrods Group (Holding) Limited, the ultimate UK parent undertaking, as at 30 January 2021 and these Financial Statements may be obtained from the Registrar of Companies.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date or at contracted forward rates. Transactions in foreign currency are translated at exchange rates ruling at the transaction date or at contracted forward rates. Realised gains and losses are dealt with in the Profit and Loss Account.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Harrods Beauty Limited

Notes to the Financial Statements
for the Period Ended 30 January 2021 (continued)

1 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	3 - 20 years
Plant and machinery	3 - 25 years
Other fixed assets	3 - 25 years

Stocks

Stocks are stated at the lower of cost and net realisable value using weighted average cost.

2 Turnover

The analysis of the company's revenue for the period from continuing operations is as follows:

	30 January	01 February
	2021	2020
	£ 000	£ 000
Sale of goods	<u>1,351</u>	<u>-</u>

3 Other operating income

The analysis of the company's other operating income for the period is as follows:

	30 January	01 February
	2021	2020
	£ 000	£ 000
Government grants	<u>194</u>	<u>-</u>

Harrods Beauty Limited received funds in respect of the Coronavirus Job Retention Scheme during the year. The amount of grants recognised in the financial statements through other income was £194k (2020 - £nil).

Harrods Beauty Limited

Notes to the Financial Statements for the Period Ended 30 January 2021 (continued)

4 Operating loss

Arrived at after charging/(crediting)

	30 January 2021 £ 000	01 February 2020 £ 000
Depreciation expense	<u>233</u>	<u>-</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	30 January 2021 £ 000	01 February 2020 £ 000
Wages and salaries	714	-
Social security costs	55	-
Pension costs, defined contribution scheme	<u>10</u>	<u>-</u>
	<u>779</u>	<u>-</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	30 January 2021 No.	01 February 2020 No.
Sales, marketing and distribution	<u>66</u>	<u>-</u>

6 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.

Harrods Beauty Limited

Notes to the Financial Statements
for the Period Ended 30 January 2021 (continued)

7 Taxation

Tax credited in the income statement

	30 January 2021 £ 000	01 February 2020 £ 000
Current taxation		
UK corporation tax	(531)	-
Deferred taxation		
Arising from origination and reversal of timing differences	<u>2</u>	<u>-</u>
Tax receipt in the income statement	<u>(529)</u>	<u>-</u>

The tax on loss before tax for the period is lower than the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	30 January 2021 £ 000	01 February 2020 £ 000
Loss before tax	<u>(2,867)</u>	<u>-</u>
Corporation tax at standard rate	(545)	-
Effect of expense not deductible in determining taxable profit (tax loss)	<u>16</u>	<u>-</u>
Total tax credit	<u>(529)</u>	<u>-</u>

A UK corporation tax rate of 19% (effective 1 April 2020), was substantively enacted on 17th March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. Post year end, in the 2021 Budget, it was announced that from 1 April 2023 the corporation tax rate will rise to 25%. This will have an impact on the Company's deferred tax balances in future periods.

Deferred tax

Deferred tax assets and liabilities

	30 January 2021 £ 000
Fixed asset timing differences	<u>(2)</u>
Deferred tax liability	<u>(2)</u>

Harrods Beauty Limited

Notes to the Financial Statements
for the Period Ended 30 January 2021 (continued)

8 Intangible assets

	Other intangible assets £ 000	Total £ 000
Cost or valuation		
Additions	29	29
At 30 January 2021	29	29
Amortisation		
Amortisation charge	1	1
At 30 January 2021	1	1
Carrying amount		
At 30 January 2021	28	28

9 Tangible assets

	Furniture, fittings and equipment £ 000	Other tangible assets £ 000	Total £ 000
Cost or valuation			
Additions	3,496	1,811	5,307
At 30 January 2021	3,496	1,811	5,307
Depreciation			
Charge for the period	208	23	231
At 30 January 2021	208	23	231
Carrying amount			
At 30 January 2021	3,288	1,788	5,076

10 Stocks

	30 January 2021 £ 000	01 February 2020 £ 000
Finished goods and goods for resale	1,556	-

Harrods Beauty Limited

Notes to the Financial Statements for the Period Ended 30 January 2021 (continued)

11 Debtors

		30 January 2021 £ 000	01 February 2020 £ 000
	Note		
Trade debtors		23	-
Amounts owed by related parties	16	6	6
Prepayments		8	-
Income tax asset	7	531	-
		<u>568</u>	<u>6</u>

12 Creditors

		30 January 2021 £ 000	01 February 2020 £ 000
	Note		
Due within one year			
Trade creditors		128	-
Amounts due to related parties	16	8,644	-
Social security and other taxes		249	-
Other payables		246	-
Accruals		2,064	-
Deferred income		43	-
		<u>11,374</u>	<u>-</u>

Amounts owed to group undertakings includes a balance due to Harrods Limited, which is non interest bearing and is repayable on demand by the lender. At the period end, the balance outstanding was £8,644k (2020: £nil).

13 Share capital

Allotted, called up and fully paid shares

	30 January 2021		01 February 2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

Authorised share capital of 6,100 ordinary shares of £1 each.

Harrods Beauty Limited
Notes to the Financial Statements
for the Period Ended 30 January 2021 (continued)

14 Commitments

Capital commitments

There were no capital commitments at 30 January 2021 or 1 February 2020.

15 Contingent assets

The Harrods Group (Holding) Group's cash netting facility is guaranteed by Harrods Beauty Limited and other Group companies.

There were no other contingent liabilities at 30 January 2021 or 1 February 2020.

16 Related party transactions

The company has taken advantage of the exemption in FRS102, section 33 "Related Party Disclosures" from disclosing transactions with other members of the group.

17 Parent and ultimate parent undertaking

The company is controlled by Harrods International Limited. Harrods International Limited's immediate parent undertaking is Harrods Limited, a company registered in England and Wales. The ultimate United Kingdom 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 company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party, incorporated in Qatar.