

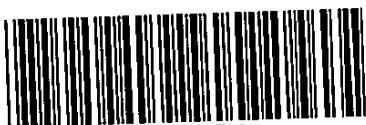
Harrods Watches Limited

Directors' Report and Financial Statements

for the Period ended 2 February 2013

Registration number 06796678

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Harrods Watches Limited
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Harrods Watches Limited
Directors' Report for the Period ended 2 February 2013

The directors present their report and the financial statements for the period ended 2 February 2013

Principal activity

The company acts as a purchasing agent for Harrods Limited

Business review and key performance indicators

There was a profit for the period after taxation amounting to £1.4m (2012 £1.0m). The directors do not recommend the payment of a dividend.

Directors of the company

The directors who held office during the period were as follows

H A Al-Abdulla

A M Al-Sayed

K Maamria

K J Al-Kuwari

M A Ward

J P Edgar (appointed 24 January 2013)

B J Smith (resigned 31 July 2012)

Financial risk management 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, which are described in more detail below.

The main risk arising from the company's financial instruments is credit risk. The directors review and agree policies for managing this risk and they are summarised below.

Credit risk

The Company's invoicing is administered by Harrods Limited. As such credit risk is limited to the recovery of amounts from Harrods Limited.

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.

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.

Harrods Watches 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, 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.

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

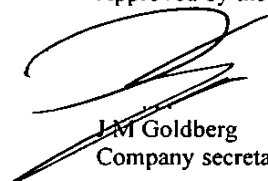
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which 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 16 July 2013 and signed on its behalf by



JM Goldberg
Company secretary

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

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

We have audited the financial statements of Harrods Watches Limited for the period from 29 January 2012 to 2 February 2013 which comprises the Profit and Loss Account, the Balance Sheet, related notes 1 to 14 and the Accounting Policies set out on page 7. 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 2 February 2013 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.

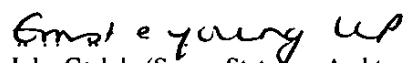
**Independent Auditor's Report to the Members of
Harrods Watches Limited**

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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

Date *26 July 2013*

Harrods Watches Limited
Profit and Loss Account for the Period ended 2 February 2013

	Note	53 weeks ended 2 February 2013 £	52 weeks ended 28 January 2012 £
Turnover	2	1,832,877	1,385,331
Cost of sales		-	-
Gross profit		1,832,877	1,385,331
Administrative expenses	3	(3,725)	(27,372)
Operating profit		1,829,152	1,357,959
Interest payable		-	(120)
Profit on ordinary activities before taxation		1,829,152	1,357,839
Tax on profit on ordinary activities	5	(444,994)	(357,428)
Profit for the financial period	9	1,384,158	1,000,411

All transactions arise from continuing operations

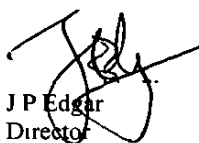
There were no recognised gains or losses other than the profit for the financial period

The notes on pages 7 to 10 form an integral part of these financial statements

Harrods Watches Limited
(Registration number: 06796678)
Balance Sheet at 2 February 2013

	Note	2 February 2013 £	28 January 2012 £
Current assets			
Debtors	6	7,492,214	5,286,530
Creditors Amounts falling due within one year	7	<u>(3,523,399)</u>	<u>(2,701,873)</u>
Net assets		<u>3,968,815</u>	<u>2,584,657</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	<u>3,968,814</u>	<u>2,584,656</u>
Shareholders' funds	10	<u>3,968,815</u>	<u>2,584,657</u>

Approved by the Board on 16 July 2013 and signed on its behalf by


J P Edgar
Director

The notes on pages 7 to 10 form an integral part of these financial statements

Harrods Watches Limited
Notes to the Financial Statements for the Period ended 2 February 2013

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

The principal accounting policies of the company have remained unchanged and are set out below

Turnover

Turnover represents the total amount receivable by the company for services provided excluding VAT

2 Turnover

Turnover represents agency fees for acting as a purchasing agent for Harrods Limited

3 Operating profit

Audit fees for the period were £3,854 (2012 £2,000)

4 Directors and employees

The company did not employ any persons or incur any staff costs during the period

No emoluments were paid to the directors of the company during the period

5 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents

	53 weeks ended 2 February 2013 £	52 weeks ended 28 January 2012 £
Group relief payable	<u>444,994</u>	<u>357,428</u>

Harrods Watches Limited
Notes to the Financial Statements for the Period ended 2 February 2013
..... continued

6 Debtors

	2 February 2013 £	28 January 2012 £
Trade debtors	233,237	-
Amounts owed by other group undertakings	<u>7,258,977</u>	<u>5,286,530</u>
	<u><u>7,492,214</u></u>	<u><u>5,286,530</u></u>

Debtors includes £nil (2012 - £nil) receivable after more than one year

7 Creditors

	2 February 2013 £	28 January 2012 £
Trade creditors	2,250,116	1,774,200
Group Relief Payable	444,994	357,428
Other taxes and social security	823,289	560,814
Other creditors	<u>5,000</u>	<u>9,431</u>
	<u><u>3,523,399</u></u>	<u><u>2,701,873</u></u>

8 Share capital

Allotted and fully paid

	2 February 2013 £	28 January 2012 £
1 Ordinary Shares of £1 each (2012 £1)	<u><u>1</u></u>	<u><u>1</u></u>

Authorised share capital of 100 ordinary shares of £1

Harrods Watches Limited
Notes to the Financial Statements for the Period ended 2 February 2013
..... continued

9 Reserves

	Profit and loss account £
At 29 January 2012	2,584,656
Profit for the period	<u>1,384,158</u>
At 2 February 2013	<u>3,968,814</u>

10 Reconciliation of movement in shareholders' funds

	53 weeks ended 2 February 2013 £	52 weeks ended 28 January 2012 £
Profit for the financial period	1,384,158	1,000,411
Shareholders' funds at start of period	<u>2,584,657</u>	<u>1,584,246</u>
Shareholders' funds at end of period	<u>3,968,815</u>	<u>2,584,657</u>

11 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2012 £nil)

12 Contingent assets/liabilities

There were no contingent liabilities at 2 February 2013 or 28 January 2012

13 Transactions with directors and other related parties

The company is a wholly owned subsidiary of Harrods Group (Holding) Limited and, as permitted by Financial Reporting Standard No 8 "Related Party Disclosures" transactions with other entities in the Harrods Group (Holding) Limited Group are not disclosed

Harrods Watches Limited
Notes to the Financial Statements for the Period ended 2 February 2013
..... continued

14 Ultimate parent undertaking

The company is controlled by Harrods Limited. Harrods Limited is 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 and the smallest such group of undertakings, including the company, is headed by Harrods Limited. The group financial statements 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.