

Registration number: 7853062

# Harrods Commercial Property Limited

Directors' Report and Unaudited Financial Statements

for the period ended 2 February 2019

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# **Harrods Commercial Property Limited**

## **Contents**

Directors' Report	1
Statement of Directors' Responsibilities	2
Profit and Loss Account	3
Statement of Comprehensive Income	4
Balance Sheet	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 to 12

# **Harrods Commercial Property Limited**

## **Directors' Report for the period ended 2 February 2019**

The Directors present their report and the financial statements for the period ended 2 February 2019.

### **Principal activity**

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

### **Results for the period**

The loss for the period amounted to £(2.2)m (2018: £10.6m profit).

The directors paid a dividend of £nil (2018: £nil) in the period.

### **Directors of the company**

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

M A Ward

D J Webster

### **KPIs**

There are no KPIs required to be reported other than profit/(loss), after taxation, for the period that would give a fuller understanding to the business.

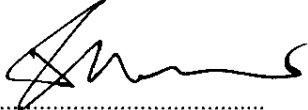
### **Going concern**

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.

### **Post balance sheet events**

There have been no significant events affecting the company since the period end.

Approved by the Board on 19 July 2019 and signed on its behalf by:



.....  
D J Webster

Company secretary and director

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

## **Harrods Commercial Property 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 Commercial Property Limited

## Profit and Loss Account for the period ended 2 February 2019

		52 weeks ended 02 February 2019 £ m	53 weeks ended 03 February 2018 £ m
	Note		
Turnover	2	3.4	3.7
Administrative expenses		(5.1)	(4.5)
Fair value movements	3	-	13.7
<b>Operating (loss)/profit</b>	3	(1.7)	12.9
Interest receivable		0.1	-
<b>(Loss)/profit before tax</b>		<b>(1.6)</b>	<b>12.9</b>
Taxation	4	(0.6)	(2.3)
<b>(Loss)/profit for the financial period</b>		<b>(2.2)</b>	<b>10.6</b>

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

# Harrods Commercial Property Limited

## Statement of Comprehensive Income for the period ended 2 February 2019

	52 weeks ended 02 February 2019 £ m	53 weeks ended 03 February 2018 £ m
(Loss)/profit for the period	(2.2)	10.6
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>(2.2)</b>	<b>10.6</b>

# Harrods Commercial Property Limited

(Registration number: 7853062)

## Balance Sheet as at 2 February 2019

	Note	02 February 2019 £ m	03 February 2018 £ m
<b>Fixed assets</b>			
Tangible assets	5	109.5	113.4
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	0.5	0.4
Cash at bank and in hand		12.4	13.4
		12.9	13.8
<b>Creditors: Amounts falling due within one year</b>	7	(37.4)	(40.0)
<b>Net current liabilities</b>		<b>(24.5)</b>	<b>(26.2)</b>
<b>Total assets less current liabilities</b>		<b>85.0</b>	<b>87.2</b>
<b>Provisions for liabilities</b>			
Deferred tax	4	(12.8)	(12.8)
<b>Net assets</b>		<b>72.2</b>	<b>74.4</b>
<b>Capital and reserves</b>			
Share premium reserve		33.3	33.3
Profit and loss account		38.9	41.1
<b>Total equity</b>		<b>72.2</b>	<b>74.4</b>

For the financial period ending 2 February 2019 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 19 July 2019 and signed on its behalf by:

M A Ward  
Director

## Harrods Commercial Property Limited

### Statement of Changes in Equity for the period ended 2 February 2019

	Share premium £ m	Profit and loss account £ m	Total £ m
At 29 January 2017	33.3	30.5	63.8
Profit for the period	-	10.6	10.6
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>10.6</b>	<b>10.6</b>
<b>At 3 February 2018</b>	<b>33.3</b>	<b>41.1</b>	<b>74.4</b>

	Share premium £ m	Profit and loss account £ m	Total £ m
At 4 February 2018	33.3	41.1	74.4
Loss for the period	-	(2.2)	(2.2)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(2.2)</b>	<b>(2.2)</b>
<b>At 2 February 2019</b>	<b>33.3</b>	<b>38.9</b>	<b>72.2</b>

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



# **Harrods Commercial Property Limited**

## **Notes to the Financial Statements for the period ended 2 February 2019**

### **1 Accounting policies**

#### **Basis of preparation**

These Financial Statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These Financial Statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **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.

The company is not required to present a Strategic Report per the companies act small companies exemption.

This information is included in the Consolidated Financial Statements of Harrods Group (Holding), the ultimate UK parent undertaking, as at 2 February 2019 and these Financial Statements may be obtained from the Registrar of Companies.

#### **Going concern**

The Financial Statements have been prepared on a going concern basis.

#### **Turnover**

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

#### **Tangible assets**

Tangible assets are stated in the Balance Sheet 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.

# Harrods Commercial Property Limited

## Notes to the Financial Statements for the period ended 2 February 2019 (continued)

### 1 Accounting policies (continued)

#### Depreciation

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

Asset class	Depreciation method and rate
Plant and fittings	3 - 20 years
Freehold property	10 - 50 years

#### Revaluation of properties

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Profit and Loss Account.

#### Tax

The tax expense for the period comprises current and deferred 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 the Statement of 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.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the Financial Statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

### 2 Turnover

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

	52 weeks ended 02 February 2019 £ m	53 weeks ended 03 February 2018 £ m
Rental income	3.4	3.7

All turnover arose within the United Kingdom.

## Harrods Commercial Property Limited

### Notes to the Financial Statements for the period ended 2 February 2019 (continued)

#### 3 Operating loss

Arrived at after charging/(crediting):

	52 weeks ended 02 February 2019 £ m	53 weeks ended 03 February 2018 £ m
Depreciation of tangible assets	4.7	4.3
Fair value movements (revaluation of investment properties)	<u>-</u>	<u>(13.7)</u>

The company did not employ any persons or incur any staff costs during the period (2018: £nil).

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.

#### 4 Taxation

Tax charged/(credited) in the Income Statement:

	52 weeks ended 02 February 2019 £ m	53 weeks ended 03 February 2018 £ m
<b>Current taxation</b>		
Group relief payable	0.5	0.6
UK corporation tax adjustment to prior periods	<u>-</u>	<u>0.1</u>
<b>Total current income tax</b>	<u>0.5</u>	<u>0.7</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	0.1	1.9
Impact of rate change	-	(0.2)
Adjustments in respect of prior periods	<u>-</u>	<u>(0.1)</u>
<b>Total deferred taxation</b>	<u>0.1</u>	<u>1.6</u>
<b>Taxation on profit on ordinary activities</b>	<u><u>0.6</u></u>	<u><u>2.3</u></u>

## Harrods Commercial Property Limited

### Notes to the Financial Statements for the period ended 2 February 2019 (continued)

#### 4 Taxation (continued)

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19.16%).

The differences are reconciled below:

	52 weeks ended 02 February 2019 £ m	53 weeks ended 03 February 2018 £ m
(Loss)/profit before tax	(1.6)	12.9
Corporation tax at standard rate	(0.3)	2.5
Expenses not deductible for tax purposes	0.9	0.3
Impact of tax rate changes	-	(0.2)
Revaluation gains	-	(0.3)
<b>Total tax charge for the period</b>	<b>0.6</b>	<b>2.3</b>

The standard rate of tax applied to profit on ordinary activities is 19% (2018: 19.16%). The Finance (No 2) Act 2015 introduced a reduction in the corporation tax rate to 19% for financial years 2017, 2018 and 2019. The Finance Act 2016 further reduced the corporation tax rate to 17% from 1 April 2020.

As a result, deferred tax balances have been calculated using 17% on the basis that the assets/liabilities are expected to unwind over a number of years.

#### Deferred tax

	02 February 2019 £ m	03 February 2018 £ m
Investment property revaluations	(12.8)	(12.8)
<b>Deferred tax liability</b>	<b>(12.8)</b>	<b>(12.8)</b>

## Harrods Commercial Property Limited

### Notes to the Financial Statements for the period ended 2 February 2019 (continued)

#### 5 Tangible assets

	Land and buildings £ m	Fixtures and fittings £ m	Plant and machinery £ m	Total £ m
<b>Cost</b>				
At 4 February 2018	106.2	9.9	12.0	128.1
Additions	0.8	-	-	0.8
At 2 February 2019	107.0	9.9	12.0	128.9
<b>Depreciation</b>				
At 4 February 2018	6.0	3.3	5.4	14.7
Charge for the period	2.1	1.4	1.2	4.7
At 2 February 2019	8.1	4.7	6.6	19.4
<b>Carrying amount</b>				
At 2 February 2019	98.9	5.2	5.4	109.5
At 3 February 2018	100.2	6.6	6.6	113.4

#### 6 Debtors

	02 February 2019 £ m	03 February 2018 £ m
Prepayments and accrued income	0.5	0.4
	0.5	0.4

#### 7 Creditors

	02 February 2019 £ m	03 February 2018 £ m
<b>Due within one year</b>		
Amounts due to related parties	36.8	38.9
Social security and other taxes	-	0.1
Corporation tax	0.5	0.6
Accruals and deferred income	0.1	0.4
	37.4	40.0

Amounts owed to group undertakings includes a non-interest bearing loan, repayable on demand by the lender, with Harrods Group (Holding) Limited of £36.0m (2018: £38.9m).