

Registration number: 8022049

Harrods Corporate Management Limited

Annual Report and Financial Statements

for the period ended 28 January 2017

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Harrods Corporate Management Limited

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Harrods Corporate Management Limited

Strategic Report for the period ended 28 January 2017

The directors present their Strategic Report for the period ended 28 January 2017.

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.

Review of the business

Profit for the period after taxation amounted to £12.7m (2016: £4.9m). The directors did not pay a dividend in the period (2016: £nil).

The main driver for the increase in profit results from higher royalties income received from related parties of £45.7m (2016: £37.1m) due to stronger trading conditions.

Principal risks and uncertainties

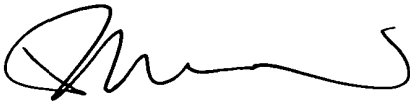
Interest rate risk

The company is exposed to increasing interest rates on its group loan secured at a floating rate. However, given the significant cover that the company enjoys on its income stream relative to its interest obligations, the directors have assessed 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 5 June 2017 and signed on its behalf by:



.....
D J Webster
Company secretary

Harrods Corporate Management Limited

Directors' Report for the Period ended 28 January 2017

The directors present their Annual Report and Financial Statements for the period ended 28 January 2017.

Results and dividends

The profit for the period, after taxation, amounted to £12.7 million (2016: £4.9 million). The directors did not pay a dividend in the period (2016: £nil).

Directors of the Company

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

M A Bin Yusof (resigned 24 July 2016)

M A Ward

J P Edgar

KPIs

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

Going concern

The directors consider it appropriate for these Financial Statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of amounts due to group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

Post Balance Sheet events

There have been no significant events affecting the Company since the year end.

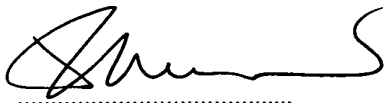
Disclosure of information to the auditors

Each director has taken all the 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 of which they know the auditors are unaware.

Reappointment of auditors

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

Approved by the Board on 5 June 2017 and signed on its behalf by:



.....
D J Webster
Company secretary

Harrods Corporate Management Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and 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 and of the profit or loss of the 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 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 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 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Harrods Corporate Management Limited

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 ended 28 January 2017, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes set out on pages 6 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 3), 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 Annual Report and Financial Statements 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 28 January 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Harrods Corporate Management Limited

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

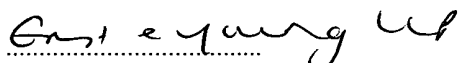
- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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, Statutory Auditor

1 More London Place
London
SE1 2AF

Date: 9 June 2017

Harrods Corporate Management Limited

Profit and Loss Account for the period ended 28 January 2017

		52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Turnover	3	<u>45.7</u>	<u>37.1</u>
Gross profit		45.7	37.1
Administrative expenses		<u>(10.9)</u>	<u>(10.9)</u>
Operating profit	4	34.8	26.2
Interest payable and similar expenses	5	<u>(16.2)</u>	<u>(17.3)</u>
Profit before tax		18.6	8.9
Taxation	6	<u>(5.9)</u>	<u>(4.0)</u>
Profit for the financial period		<u>12.7</u>	<u>4.9</u>

The above results were derived from continuing operations.

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

Harrods Corporate Management Limited

Statement of Comprehensive Income for the period ended 28 January 2017

	Note	52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Profit for the period		12.7	4.9
Other comprehensive income		-	-
Total comprehensive income for the period		12.7	4.9

The notes on pages 10 to 15 form an integral part of these financial statements.

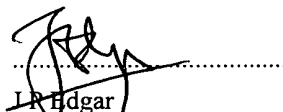
Harrods Corporate Management Limited

(Registration number: 8022049)

Balance Sheet as at 28 January 2017

	Note	28 January 2017 £ m	30 January 2016 £ m
Fixed assets			
Intangible assets	7	489.4	500.2
Current assets			
Debtors	8	5.8	3.9
Cash at bank and in hand		0.3	2.2
		<u>6.1</u>	<u>6.1</u>
Creditors: Amounts falling due within one year	9	<u>(472.4)</u>	<u>(495.9)</u>
Net current liabilities		<u>(466.3)</u>	<u>(489.8)</u>
Net assets		<u><u>23.1</u></u>	<u><u>10.4</u></u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		<u>23.1</u>	<u>10.4</u>
Total equity		<u><u>23.1</u></u>	<u><u>10.4</u></u>

Approved and authorised by the Board on 5 June 2017 and signed on its behalf by:


 J.P. Edgar
 Director

Harrods Corporate Management Limited

Statement of Changes in Equity for the Period ended 28 January 2017

	Profit and loss account £ m	Total £ m
At 1 February 2015	5.5	5.5
Profit for the period	4.9	4.9
Other comprehensive income	-	-
Total comprehensive income	4.9	4.9
At 30 January 2016	10.4	10.4

	Profit and loss account £ m	Total £ m
At 31 January 2016	10.4	10.4
Profit for the period	12.7	12.7
Other comprehensive income	-	-
Total comprehensive income	12.7	12.7
At 28 January 2017	23.1	23.1

The notes on pages 10 to 15 form an integral part of these financial statements.

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 28 January 2017

1 General information

The address of its registered office is:

87-135 Brompton Road

Knightsbridge

London

SW1X 7XL

England and Wales

2 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost 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.

Application of FRS 102 is required for all accounting periods beginning on or after 1 January 2015 (the effective date).

The preparation of financial statements in compliance with FRS 102 can require the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies. It is the view of the Directors that there were no critical accounting estimates used in the preparation of the Accounts and Financial Statements of the company.

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.

This information is included in the consolidated financial statements of Harrods Group (Holding) Limited, the ultimate UK parent undertaking, as at 28 January 2017 and these financial statements may be obtained from the Registrar of Companies..

Turnover

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

Intangible assets

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

Tax

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.

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 28 January 2017 (continued)

2 Accounting policies (continued)

Going concern

The directors consider it appropriate for these Financial Statements to be prepared on a going concern basis as the company's parent undertaking has indicated that it will not call for repayment of amounts due to group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

3 Turnover

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

	52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Royalties arising on licensing agreements	<u>45.7</u>	<u>37.1</u>

All turnover arose within the United Kingdom.

4 Operating profit

The operating profit is stated after charging:

	52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Amortisation of intangible assets	<u>10.8</u>	<u>10.8</u>

Audit fees for the period were £4,148 (2016: £4,148).

The company did not employ any persons or incur any staff costs during the period (2016: £nil).

Key management personnel are the personnel who have authority and responsibility for planning, directing and controlling the activities of the company, and are considered to be the directors of the company. 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.

5 Interest payable and similar expenses

	52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Interest payable on loans from group undertakings	<u>16.2</u>	<u>17.3</u>

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 28 January 2017 (continued)

6 Taxation

Tax charged in the income statement

	52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Current taxation		
Group Relief Payable	5.9	4.0
Total tax on profit on ordinary activities	5.9	4.0

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 20% (2016 - 20.16%).

The differences are reconciled below:

	52 weeks ended 28 January 2017 £ m	52 weeks ended 30 January 2016 £ m
Profit before tax	18.6	8.9
Corporation tax at standard rate	3.7	1.8
Expenses not deductible for tax purposes	2.2	2.2
Total tax charge for the period	5.9	4.0

The standard rate of tax applied to profit on ordinary activities is 20% (2016: 20.16%). The Finance (No 2) Act 2015 introduced a reduction in the corporation tax rate to 19% from 1 April 2017. The Finance Act 2016 further reduces the corporation tax rate to 17% from 1 April 2020 (previously 18%).

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 28 January 2017 (continued)

7 Intangible assets

	Trademarks £ m
Cost	
At 31 January 2016	541.0
At 28 January 2017	541.0
Amortisation	
At 31 January 2016	40.8
Amortisation charge	10.8
At 28 January 2017	51.6
Carrying amount	
At 28 January 2017	489.4
At 30 January 2016	500.2

8 Debtors

	28 January 2017 £ m	30 January 2016 £ m
Amounts owed by group undertakings	0.5	-
Accrued income	5.3	3.9
	5.8	3.9

9 Creditors

	28 January 2017 £ m	30 January 2016 £ m
Due within one year		
Loans from group undertakings	465.0	488.0
Amounts due to group undertakings	-	2.1
Accruals and deferred income	1.5	1.6
Group Relief Payable	5.9	4.2
	472.4	495.9

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 28 January 2017 (continued)

9 Creditors (continued)

Loans from group undertakings refers to a loan from Harrods Limited of £465.0m (2016: £488.0m) bearing interest at a rate of 3% per annum above the base rate. The debt is unsecured and repayable on 30 days prior written notice.

The loan was previously reported as creditors due after more than one year, but has been re-classified to reflect that the loan is repayable on 30 days notice.

10 Share capital

Allotted, called up and fully paid shares

	28 January 2017		30 January 2016	
	No.	£	No.	£
Allotted, called up and fully paid of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Each share represents one vote. There are no restrictions or preferences placed on the shares. Dividends are paid at the discretion of the directors.

11 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 28 January 2017 all of the income received by Harrods Corporate Management Limited (£45.7m) (2016: £37.1m) was from group undertakings.

As at 28 January 2017, the loan outstanding to Harrods Limited was £465.0m (2016: £488.0m).

Harrods Corporate Management Limited

Notes to the Financial Statements for the Period ended 28 January 2017 (continued)

12 Parent and ultimate parent undertaking

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 UK 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.