

Registration number: 8022049

Harrods Corporate Management Limited

Annual Report and Financial Statements

for the period ended 3 February 2018



Harrods Corporate Management Limited

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Harrods Corporate Management Limited

Strategic Report for the period ended 3 February 2018

The directors present their Strategic Report for the period ended 3 February 2018. The financial year 2017/2018 was a 53 week period which occurs every 5 to 6 years to ensure the year end date remains aligned to the weekend closest to 31 January. The last time the company reported a 53 week period was 2012/2013.

Principal activity

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

Review of the business

Profit for the period after taxation amounted to £15.9m (2017: £12.7m). The directors paid a dividend in the period of £15.0m (2017: £nil).

The main driver for the increase in profit results from higher royalties income received from related parties of £48.6m (2017: £45.7m) due to stronger trading conditions.

Future developments

There are no significant foreseeable future developments as at 3 February 2018.

Principal risks and uncertainties

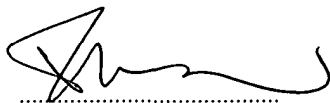
Interest rate risk

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 the sales of Harrods Limited, Harrods International Limited and 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 19 June 2018 and signed on its behalf by:



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

Harrods Corporate Management Limited

Directors' Report for the period ended 3 February 2018

The directors present their directors present their Annual Report and the Financial Statements for the period ended 3 February 2018.

Results and dividends

The profit for the period, after taxation, amounted to £15.9 million (2017: £12.7 million). The directors paid a dividend in the period of £15.0m (2017: £nil).

Directors of the company

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

M A Ward

J P Edgar (resigned 10 November 2017)

D J Webster (appointed 10 November 2017)

KPIs

There are no KPIs required to be reported other than profit for the period 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 the 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.

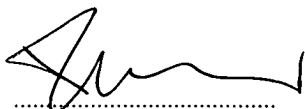
Disclosure of information to the auditors

Each director has taken all the steps that they they ought to have taken as a director in order to make themselves 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 they know of and of which they know 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 19 June 2018 and signed on its behalf by:



.....
D J Webster

Company secretary and director

Harrods Corporate Management 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.

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

Opinion

We have audited the financial statements of Harrods Corporate Management Limited (the 'company') for the year ended 3 February 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 February 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.


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

1 More London Place
London
SE1 2AF

Date: 25 June 2018

Harrods Corporate Management Limited

Profit and Loss Account for the period ended 3 February 2018

		53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Turnover	3	48.6	45.7
Gross profit		48.6	45.7
Administrative expenses		(11.0)	(10.9)
Operating profit	4	37.6	34.8
Interest payable and similar charges	5	(15.4)	(16.2)
Profit before tax		22.2	18.6
Taxation	6	(6.3)	(5.9)
Profit for the financial period		15.9	12.7

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 3 February 2018**

	53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Profit for the period	15.9	12.7
Other comprehensive income	-	-
Total comprehensive income for the period	15.9	12.7

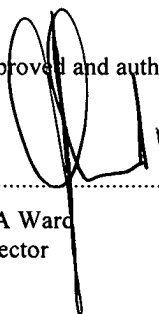
Harrods Corporate Management Limited

(Registration number: 8022049)

Balance Sheet as at 3 February 2018

	Note	3 February 2018 £ m	28 January 2017 £ m
Fixed assets			
Intangible assets	7	478.6	489.4
Current assets			
Debtors	8	5.8	5.8
Cash at bank and in hand		7.2	0.3
		13.0	6.1
Creditors: Amounts falling due within one year	9	(467.6)	(472.4)
Net current liabilities		(454.6)	(466.3)
Net assets		24.0	23.1
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account		24.0	23.1
Total equity		24.0	23.1

Approved and authorised by the Board on 19 June 2018 and signed on its behalf by:



M A Ward
Director

Harrods Corporate Management Limited

Statement of Changes in Equity for the period ended 3 February 2018

	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

	Profit and loss account £ m	Total £ m
At 29 January 2017	23.1	23.1
Profit for the period	15.9	15.9
Other comprehensive income	-	-
Total comprehensive income	15.9	15.9
Dividends	(15.0)	(15.0)
At 3 February 2018	24.0	24.0

Harrods Corporate Management Limited

Notes to the Financial Statements for the period ended 3 February 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

87-135 Brompton Road

Knightsbridge

London

SW1X 7XL

England and Wales

2 Accounting policies

Basis of preparation

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 judgement 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 the 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); 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 3 February 2018 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.

Harrods Corporate Management Limited

Notes to the Financial Statements for the period ended 3 February 2018 (continued)

2 Accounting policies (continued)

Tax

Current tax, including UK corporation tax and foreign tax, is provided as 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.

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 the group undertakings without first ensuring that the company has adequate funds to meet its obligations as they fall due.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

3 Turnover

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

	53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Royalties arising on licensing agreements	48.6	45.7

All turnover arose within the United Kingdom.

4 Operating profit

The operating profit is stated after charging:

	53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Amortisation of intangible assets	10.8	10.8

Audit fees for the period were £8,155 (2017: £4,148).

The company did not employ any persons or incur any staff costs during the period (2017: £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 trivial to determine the proportion of their emoluments which relate to their services as directors of this company.

Harrods Corporate Management Limited

Notes to the Financial Statements for the period ended 3 February 2018 (continued)

5 Interest payable and similar charges

	53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Interest payable on loans from group undertakings	<u>15.4</u>	<u>16.2</u>

6 Taxation

Tax charged/(credited) in the income statement

	53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Current taxation		
Group relief payable	<u>6.3</u>	<u>5.9</u>
Total tax on profit on ordinary activities	<u>6.3</u>	<u>5.9</u>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19.16% (2017 - 20%).

The differences are reconciled below:

	53 weeks ended 3 February 2018 £ m	52 weeks ended 28 January 2017 £ m
Profit before tax	<u>22.2</u>	<u>18.6</u>
Corporation tax at standard rate	4.3	3.7
Expenses not deductible for tax purposes	<u>2.0</u>	<u>2.2</u>
Total tax charge for the period	<u>6.3</u>	<u>5.9</u>

The standard rate of tax applied to profit on ordinary activities is 19% (2017: 20%). 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 3 February 2018 (continued)

7 Intangible assets

	Trademarks £ m
Cost or valuation	
At 29 January 2017	541.0
At 3 February 2018	541.0
Amortisation	
At 29 January 2017	51.6
Amortisation charge	10.8
At 3 February 2018	62.4
Carrying amount	
At 3 February 2018	478.6
At 28 January 2017	489.4

8 Debtors

	3 February 2018 £ m	28 January 2017 £ m
Amounts owed by group undertakings	-	0.5
Accrued income	5.8	5.3
	<u>5.8</u>	<u>5.8</u>

9 Creditors

	3 February 2018 £ m	28 January 2017 £ m
Due within one year		
Loans from group undertakings	444.5	465.0
Amounts due to group undertakings	15.0	-
Accruals and deferred income	1.8	1.5
Group relief payable	6.3	5.9
	<u>467.6</u>	<u>472.4</u>

Loans from group undertakings refers to a loan from Harrods Limited of £444.5m (2017: £465.0m) 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.

Harrods Corporate Management Limited

Notes to the Financial Statements for the period ended 3 February 2018 (continued)

10 Share capital

Allotted, called up and fully paid shares

	3 February 2018		28 January 2017	
	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 Commitments

Capital commitments

The company had no capital commitments at 3 February 2018 or 28 January 2017.

12 Contingent liabilities

There were no contingent liabilities at 3 February 2018 or 28 January 2017.

13 Related party transactions

The company is a wholly owned subsidiary and has taken advantage of the exemption in FRS 102, section 33 "Related Party Disclosures" from disclosing transactions with other members of the group.

There are no other related party transactions.

14 Parent and ultimate parent undertaking

The company's immediate parent 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, which can be obtained from the Registrar of Companies.

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.