

Registration number: 5985365

Harrods Property Limited

Annual Report and Financial Statements

for the period ended 3 February 2018



Harrods Property Limited

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Harrods Property Limited
Strategic Report
for the period ended 3 February 2018

The directors present their Strategic Report for the 53 week period ended 3 February 2018 (2017: 52 weeks). 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

As at 3 February 2018, the principal activity of the company is the holding of intercompany loan receivables in which interest is accrued.

Review of the business

Profit for the period after taxation amounted to £11.8m (2017: £306.1m). The directors did not pay a dividend in the period (2017: £nil).

During the prior period, Harrods Property Limited sold all its fixed assets to Harrods Limited for consideration of £1,252.0m, by way of inter-company loan. Harrods Property Limited recognised a profit on sale of £227.6m.

Future developments

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

Principal risks and uncertainties

Business risk

Following the sales of its freehold properties and the termination of the associated leases, there is no business risk apart from the credit risk outlined below.

Credit risk

The company has a significant loan to a group company. The loan to QH Partners Limited is ultimately considered recoverable against other assets and investments directly or indirectly supporting the nominal value of this loan. The company has another loan to its parent, Harrods Limited, which is also considered recoverable against the parent's significant assets.

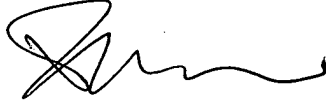
Interest rate risk

The company repaid all loans owed to other group undertakings in the prior period and therefore no longer bears any interest rate risk.

Liquidity risk

The company has no cash outgoings. Therefore, there is deemed to be no liquidity risk.

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



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

Harrods Property Limited
Directors' Report
for the period ended 3 February 2018

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

Results and dividends

The profit for the period after taxation, amounted to £11.8m (2017: £306.1m).

The directors did not pay a dividend in the period (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)

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

Going concern

The company has a surplus of shareholders funds at 3 February 2018. The directors consider it appropriate for these financial statements to be prepared on a going concern basis. The company has sufficient cash reserves to meet any administrative expenses.

KPIs

There are no KPIs required to be reported other than profit for the period that would give a fuller understanding to the business.

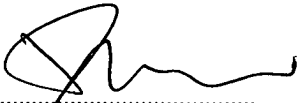
Disclosure of information to the auditors

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 knowthey 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 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.

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

Opinion

We have audited the financial statements of Harrods Property Limited (the 'company') for the period from 29 January 2017 to 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 16, 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 Property 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 Property 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's 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 Property Limited

Profit and Loss Account
for the period ended 3 February 2018

	Note	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Turnover	3	-	26,730
Administrative expenses		15	(1,563)
Profit on sale of fixed assets	5	-	<u>227,557</u>
Operating profit	4	15	252,724
Interest receivable and similar income	6	13,876	34,441
Interest payable and similar charges	7	-	<u>(18,498)</u>
Profit before tax		13,891	268,667
Taxation	9	(2,112)	<u>37,460</u>
Profit for the financial period		<u>11,779</u>	<u>306,127</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.

The notes on pages 11 to 17 form an integral part of these financial statements.

Harrods Property Limited

Statement of Comprehensive Income for the period ended 3 February 2018

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Profit for the period	11,779	306,127
Other comprehensive income	-	-
Total comprehensive income for the period	11,779	306,127

The notes on pages 11 to 17 form an integral part of these financial statements.

Harrods Property Limited
(Registration number: 5985365)
Balance Sheet
as at 3 February 2018

	Note	3 February 2018 £ 000	28 January 2017 £ 000
Current assets			
Debtors: due after more than one year	10	217,187	205,133
Debtors: due within one year	10	294,442	298,243
Cash at bank and in hand		<u>1,243</u>	<u>221</u>
		512,872	503,597
Creditors: Amounts falling due within one year	11	<u>(733)</u>	<u>(3,237)</u>
Net assets		<u>512,139</u>	<u>500,360</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		<u>512,039</u>	<u>500,260</u>
Total equity		<u>512,139</u>	<u>500,360</u>

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

.....
M A Ward
Director

Harrods Property Limited

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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 31 January 2016	100	194,133	194,233
Profit for the period	-	306,127	306,127
Total comprehensive income	-	306,127	306,127
At 28 January 2017	100	500,260	500,360

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 29 January 2017	100	500,260	500,360
Profit for the period	-	11,779	11,779
Total comprehensive income	-	11,779	11,779
At 3 February 2018	100	512,039	512,139

The notes on pages 11 to 17 form an integral part of these financial statements.

Harrods Property 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 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 requires the use of certain critical accounting estimates. It also requires 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 in the prior year is rental income from Harrods Limited and is accounted for on an accrual basis.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like loans to related parties and group undertakings which are accounted for at cost less impairment.

Harrods Property Limited

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

2 Accounting policies (continued)

Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted by the balance sheet date.

3 Turnover

The turnover is attributable to:

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Rents receivable from group companies	-	26,730

All turnover arose within the United Kingdom.

4 Operating profit

The operating profit is stated after charging:

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Depreciation of tangible fixed assets	-	1,484

Audit fees for the period were £5,436 (2017: £24,000).

Also included in the operating profit, is a reversal of a prior year accrual that was not required of £20k.

5 Profit on sale of fixed assets

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Profit on sale of fixed assets	-	227,557

During the prior period, the company transferred all of its assets to Harrods Limited, for a consideration of £1.252m, resulting in a profit on sale of fixed assets of £227.6m.

Harrods Property Limited

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

6 Interest receivable and similar income

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Interest receivable on loans to group undertakings	13,876	34,441

7 Interest payable and similar expenses

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Interest payable on loans from group undertakings	-	18,498

8 Directors and employees

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.

The company did not employ any persons or incur any staff costs during the period (2017: £nil).

9 Taxation

Tax charged/(credited) in the income statement

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Current taxation		
Group relief receivable for the period	714	(32,778)
Adjustment in respect of prior periods	(422)	(2)
	292	(32,780)

Harrods Property Limited

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

Notes to the Financial Statements (continued)

9 Taxation (continued)

	53 weeks ended 3 February 2018 £ 000	52 weeks ended 28 January 2017 £ 000
Deferred taxation		
Origination and reversal of timing differences	1,948	(13,181)
Effect of changes in tax rates	(487)	4,712
Adjustment in respect of prior periods	359	3,789
Total deferred taxation	<u>1,820</u>	<u>(4,680)</u>
Total tax credit for the period	<u>2,112</u>	<u>(37,460)</u>

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

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	<u>13,891</u>	<u>268,667</u>
Effects of:		
Corporation tax at standard rate	2,661	53,733
Impact of tax rate changes	(486)	4,712
Income not deductible for tax purposes	-	(49,371)
Adjustments in respect of prior periods	(63)	3,788
Investment property revaluation	-	(50,322)
Total tax charge/(credit)	<u>2,112</u>	<u>(37,460)</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 Property Limited

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

Notes to the Financial Statements (continued)

9 Taxation (continued)

Deferred tax is provided as follows:

	3 February 2018 £ 000	28 January 2017 £ 000
Derivative instruments (terminated swaps)	2,542	4,362
Deferred tax asset	2,542	4,362
		03 February 2018 £ 000
Provision at start of period		4,362
Adjustment in respect of prior years		(360)
Deferred tax charge to income statement for the period		(1,460)
Deferred tax asset provision at end of period		2,542

During the prior period, all of the company's assets were transferred to Harrods Limited, resulting in the reversal of all deferred tax liabilities on these assets.

10 Debtors

	Note	3 February 2018 £ 000	28 January 2017 £ 000
Debtors: due within one year			
Amounts owed by group undertakings		294,442	265,463
Other debtors		-	2
Group relief receivable	9	-	32,778
		294,442	298,243
Debtors: due after more than one year			
Amounts owed by group undertakings		214,645	200,771
Deferred tax asset		2,542	4,362
		217,187	205,133

Harrods Property Limited

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

Notes to the Financial Statements (continued)

10 Debtors (continued)

During the prior period, the fixed assets of Harrods Property Limited were sold to its parent, Harrods Limited, part of the consideration resulted in the above loan receivable due after more than one year.

Interest accrued at 7.5% on the new loan of £13.9m (2017: £34.4m) was also added to the loan, leaving a balance at 3 February 2018 of £214.6m due to the company (2017: £200.8m).

11 Creditors

	3 February 2018 £ 000	28 January 2017 £ 000
Due within one year		
Amounts due to related parties	-	3,192
Accrued expenses	19	45
Income tax liability	714	-
	733	3,237

12 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Allotted, called up and fully paid of £1 each	100	100	100	100

Each ordinary share represents one vote. There are no restrictions or preferences placed on the shares.

Dividends are paid at the discretion of the Directors.

13 Commitments

Capital commitments

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

14 Contingent liabilities

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

Harrods Property Limited

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

Notes to the Financial Statements (continued)

15 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.

16 Parent and ultimate parent undertaking

The company's immediate parent is Harrods Limited, a company registered in England and Wales. The ultimate UK parent undertaking of Harrods 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.