

Registered number: 7853062

**HARRODS COMMERCIAL PROPERTY LIMITED**

**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JANUARY 2016**

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# HARRODS COMMERCIAL PROPERTY LIMITED

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## HARRODS COMMERCIAL PROPERTY LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JANUARY 2016

The directors present their report and the financial statements for the period ended 30 January 2016.

#### PRINCIPAL ACTIVITY

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

#### DIVIDENDS

The profit for the period, after taxation, amounted to £10.5m (2015: £2.2m).

The directors paid a dividend of £nil (2015: £3.0m) in the period.

#### DIRECTORS

The directors who served during the period were:

H.E. H A Al-Abdulla (resigned 2 February 2015)

H.E. A M Al-Sayed (resigned 2 February 2015)

M A Ward

J P Edgar

#### 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.

#### 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

On 1 February 2016, Harrods Commercial Property Limited was transferred to QH Partners Limited from Harrods Limited, for a consideration of £65.8m, by way of an inter company loan.

## HARRODS COMMERCIAL PROPERTY LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JANUARY 2016

#### DIRECTORS' RESPONSIBILITIES STATEMENT

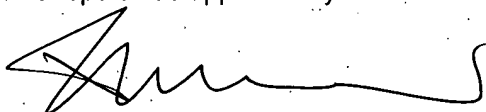
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 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 then apply them consistently;
- make judgments 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.

This report was approved by the board on 7 June 2016 and signed on its behalf.



D J Webster  
Company secretary

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

HARRODS COMMERCIAL PROPERTY LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 30 JANUARY 2016

	Note	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
Turnover	2	3.3	3.1
Cost of sales		-	-
<b>Gross profit</b>		<b>3.3</b>	<b>3.1</b>
Administrative expenses		(2.2)	(1.8)
Fair value movements	3	12.8	1.3
<b>Operating profit</b>		<b>13.9</b>	<b>2.6</b>
Taxation on profit/(loss) on ordinary activities	4	(3.4)	(0.4)
<b>Profit for the period</b>		<b>10.5</b>	<b>2.2</b>

The notes on pages 8 to 17 form part of these financial statements.

**HARRODS COMMERCIAL PROPERTY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JANUARY 2016**

	<b>52 weeks ended 30 January 2016</b>	<b>52 weeks ended 31 January 2015</b>
<b>Note</b>	<b>£M</b>	<b>£M</b>
Profit for the financial period	<u>10.5</u>	<u>2.2</u>
<b>Other comprehensive income</b>		
<b>Total comprehensive income for the period</b>	<u><u>10.5</u></u>	<u><u>2.2</u></u>

**HARRODS COMMERCIAL PROPERTY LIMITED**  
**REGISTERED NUMBER: 7853062**

**BALANCE SHEET**  
**AS AT 30 JANUARY 2016**

	Note	30 January 2016 £M	31 January 2015 £M
<b>Fixed assets</b>			
Tangible Fixed Assets	6	108.2	64.0
		<u>108.2</u>	<u>64.0</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	0.5	0.2
Bank and cash balances		8.2	5.8
		<u>8.7</u>	<u>6.0</u>
Creditors: amounts falling due within one year	8	(39.8)	(0.9)
<b>Net current (liabilities)/assets</b>		<u>(31.1)</u>	<u>5.1</u>
<b>Total assets less current liabilities</b>		<u>77.1</u>	<u>69.1</u>
Creditors: amounts falling due after more than one year	9	-	(38.9)
<b>Provisions for liabilities</b>			
Deferred tax		(13.2)	(10.1)
		<u>(13.2)</u>	<u>(10.1)</u>
<b>Net assets</b>		<u><u>63.9</u></u>	<u><u>20.1</u></u>
<b>Capital and reserves</b>			
Share premium account		33.3	-
Profit and loss account		30.6	20.1
		<u>63.9</u>	<u>20.1</u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2016.

J P Edgar  
 Director



The notes on pages 8 to 17 form part of these financial statements.

HARRODS COMMERCIAL PROPERTY LIMITED

STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JANUARY 2016

	Share premium	Retained earnings	Total equity
	£M	£M	£M
At 1 February 2015	-	20.1	20.1
<b>Comprehensive income for the period</b>			
Profit for the period	-	10.5	10.5
<b>Other comprehensive income for the period</b>	-	-	-
<b>Total comprehensive income for the period</b>	-	10.5	10.5
<b>Contributions by and distributions to owners</b>			
Shares issued during the period	33.3	-	33.3
<b>Total transactions with owners</b>	33.3	-	33.3
<b>At 30 January 2016</b>	<b>33.3</b>	<b>30.6</b>	<b>63.9</b>



**HARRODS COMMERCIAL PROPERTY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 JANUARY 2015**

	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£M</b>	<b>£M</b>
At 2 February 2014	<b>20.9</b>	<b>20.9</b>
<b>Comprehensive income for the period</b>		
Profit for the period	<b>2.2</b>	<b>2.2</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>2.2</b>	<b>2.2</b>
<b>Contributions by and distributions to owners</b>		
Dividends: Equity capital	<b>(3.0)</b>	<b>(3.0)</b>
<b>Total transactions with owners</b>	<b>(3.0)</b>	<b>(3.0)</b>
<b>At 31 January 2015</b>	<b>20.1</b>	<b>20.1</b>

The notes on pages 8 to 17 form part of these financial statements.

## HARRODS COMMERCIAL PROPERTY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

#### 1. ACCOUNTING POLICIES

##### 1.1 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.

Information on the impact of first-time adoption of FRS 102 is given in note 13.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Application of FRS 102 is required for all accounting periods beginning on or after 1 January 2015 (the effective date). This is the first year of adoption for the Company. In accordance with section 35.6 the standard has been applied to all comparatives (reported balances for financial periods ending 31 January 2015 and 1 February 2014) and related information.

The following principal accounting policies have been applied:

##### 1.2 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 33.7.

This information is included in the consolidated financial statements of Harrods Limited, the immediate parent undertaking, as at 30 January 2016 and these financial statements may be obtained from the Registrar of Companies.

##### 1.3 GOING CONCERN

The financial statements have been prepared on a going concern basis.

##### 1.4 TURNOVER

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

##### 1.5 TANGIBLE FIXED ASSETS

Freehold properties are stated at fair value less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives.

The estimated useful lives range as follows:

Plant and fittings	-	3-20 years
Freehold property	-	10-50 years

## HARRODS COMMERCIAL PROPERTY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 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 Income Statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

##### 1.7 CURRENT AND DEFERRED TAXATION

The tax expense for the Period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## HARRODS COMMERCIAL PROPERTY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

#### 2. ANALYSIS OF TURNOVER

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

	<b>52 weeks ended 30 January 2016 £M</b>	<i>52 weeks ended 31 January 2015 £M</i>
Rental Income	<b>3.3</b>	<i>3.1</i>
	<b><u>3.3</u></b>	<i><u>3.1</u></i>

All turnover arose within the United Kingdom.

#### 3. OPERATING PROFIT

The operating profit is stated after charging:

	<b>52 weeks ended 30 January 2016 £M</b>	<i>52 weeks ended 31 January 2015 £M</i>
Fair value movements (revaluation of investment properties)	<b>12.8</b>	<i>1.3</i>
Depreciation of tangible fixed assets	<b><u>1.8</u></b>	<i><u>1.4</u></i>

The company did not employ any persons or incur any staff costs during the period (2015: £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.

HARRODS COMMERCIAL PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2016

4. TAXATION

	52 weeks ended 30 January 2016 £M	52 weeks ended 31 January 2015 £M
<b>Current tax</b>		
Group relief payable for the period	0.3	-
Corporation tax charge	-	0.4
<b>Total current tax</b>	<u>0.3</u>	<u>0.4</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3.1	-
Impact of rate change on opening liability	(1.1)	-
Adjustments in respect of prior periods	1.1	-
<b>Total deferred tax</b>	<u>3.1</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>3.4</u>	<u>0.4</u>

**HARRODS COMMERCIAL PROPERTY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2016**

**4. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD**

The tax assessed for the period is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%). The differences are explained below:

	<b>52 weeks ended 30 January 2016 £M</b>	<b>52 weeks ended 31 January 2015 £M</b>
Profit on ordinary activities before tax	<u>13.9</u>	<u>2.6</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	2.8	0.6
<b>Effects of:</b>		
Expenses not deductible for tax purposes	0.2	0.2
Impact of tax rate changes	(0.7)	(0.4)
Adjustments in respect of prior periods	1.1	-
<b>Total tax charge for the period</b>	<u><b>3.4</b></u>	<u><b>0.4</b></u>

The standard rate of tax applied to profit on ordinary activities is 20.16% (2015: 21.32%). The tax rate for the year has reduced following the gradual reduction of the corporation tax rates introduced in Finance Act 2013, with a tax rate of 20% applicable from 1 April 2015.

Following the substantive enactment of Finance (No. 2) Act 2015 on 18 November 2015, future tax rates will further decrease from 20% to 19% from 1 April 2017 and then down to 18% from 1 April 2020. As a result, deferred tax balances have been calculated using 18% on the basis that the assets/liabilities are expected to unwind over a number of years.

On 16 March 2016 the Chancellor of the exchequer announced in his Budget that corporation tax rates will further decrease to 17% and this will replace the expected decrease to 18% from 1 April 2020.

**Deferred Tax**

Deferred tax provided for at 18% (2015: 20%) in the financial statements is set out below:

	<b>52 weeks ended 30 January 2016 £M</b>	<b>52 weeks ended 31 January 2015 £M</b>
Investment property revaluations	(13.2)	(10.1)
<b>Deferred tax liability</b>	<u><b>(13.2)</b></u>	<u><b>(10.1)</b></u>

HARRODS COMMERCIAL PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2016

5. DIVIDENDS

	30 January 2016 £M	31 January 2015 £M
Current period interim dividend paid	-	3.0
	<u>-</u>	<u>3.0</u>

6. TANGIBLE FIXED ASSETS

	Freehold property £M	Plant and machinery £M	Fixtures and fittings £M	Total £M
<b>Cost or valuation</b>				
At 1 February 2015	59.2	7.7	1.0	67.9
Additions	20.5	-	12.8	33.3
Revaluations	12.8	-	-	12.8
<b>At 30 January 2016</b>	<u>92.5</u>	<u>7.7</u>	<u>13.8</u>	<u>114.0</u>
<b>Depreciation</b>				
At 1 February 2015	1.4	2.2	0.3	3.9
Charge owned for the period	0.5	0.8	0.1	1.4
On revalued assets	0.5	-	-	0.5
<b>At 30 January 2016</b>	<u>2.4</u>	<u>3.0</u>	<u>0.4</u>	<u>5.8</u>
<b>At 30 January 2016</b>	<u>90.1</u>	<u>4.7</u>	<u>13.4</u>	<u>108.2</u>
<i>At 31 January 2015</i>	<u>57.8</u>	<u>5.5</u>	<u>0.7</u>	<u>64.0</u>

HARRODS COMMERCIAL PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2016

7. DEBTORS

	30 January 2016 £M	31 January 2015 £M
Prepayments and accrued income	0.5	0.2
	<u>0.5</u>	<u>0.2</u>

8. CREDITORS: Amounts falling due within one year

	30 January 2016 £M	31 January 2015 £M
Amounts owed to group undertakings	38.9	-
Corporation tax	0.4	0.4
Group relief	0.3	-
Taxation and social security	-	0.3
Accruals and deferred income	0.2	0.2
	<u>39.8</u>	<u>0.9</u>

Amounts owed to group undertakings represents a non-interest bearing loan, repayable on demand by the lender, with Harrods Group (Holding) Limited of £38.9m (2015: due after more than one year £38.9m).

Amounts previously classified as Creditors due after more than one year relate to amounts due to Group undertakings. On 6th November 2015, the terms of the loan(s) were amended to become payable on demand and have now been re-classified as amounts due within one year.

9. CREDITORS: Amounts falling due after more than one year

	30 January 2016 £M	31 January 2015 £M
Amounts owed to group undertakings	-	38.9
	<u>-</u>	<u>38.9</u>



## HARRODS COMMERCIAL PROPERTY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2016

#### 10. SHARE CAPITAL

	30 January 2016 £	31 January 2015 £
<b>Authorised, allotted, called up and fully paid</b>		
203 (2015 - 100) Allotted, called up and fully paid shares of £1 each	<u>203</u>	<u>100</u>

On 21 January 2016, 103 Ordinary shares of a nominal value of £1 each were issued, and share premium of £323,663.01 each, giving a consideration of £33,334,200, in consideration for the acquisition of the Thames Valley Distribution Centre from Harrods Limited.

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

#### 11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS102, 33.1a "Related Party Disclosures" from disclosing transactions with other members of the group.

#### 12. CONTROLLING PARTY

The company's immediate parent undertaking 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 group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The smallest such group of undertakings for which group accounts have been drawn up is headed by Harrods Limited. The group accounts 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.

HARRODS COMMERCIAL PROPERTY LIMITED

13. FIRST TIME ADOPTION OF FRS 102

The company transitioned to FRS102 from previously extant UK GAAP as at 1 February 2015. The impact of the transition to FRS102 is as follows:

Reconciliation of Balance Sheet

	As previously stated 1 February 2014 £M	Effect of transition 1 February 2014 £M	FRS 102 (as restated) 1 February 2014 £M	As previously stated 31 January 2015 £M	Effect of transition 31 January 2015 £M	FRS 102 (as restated) 31 January 2015 £M
Fixed assets	35.8	28.2	64.0	34.4	29.6	64.0
Current assets	6.7	-	6.7	6.0	-	6.0
Creditors: amounts falling due within one year	(0.8)	-	(0.8)	(0.9)	-	(0.9)
<b>Net current assets</b>	<b>5.9</b>	<b>-</b>	<b>5.9</b>	<b>5.1</b>	<b>-</b>	<b>5.1</b>
<b>Total assets less current liabilities</b>	<b>41.7</b>	<b>28.2</b>	<b>69.9</b>	<b>39.5</b>	<b>29.6</b>	<b>69.1</b>
Creditors: amounts falling due after more than one year	(38.9)	-	(38.9)	(38.9)	-	(38.9)
Provisions for liabilities	-	(10.0)	(10.0)	-	(10.1)	(10.1)
<b>Net assets</b>	<b>2.8</b>	<b>18.2</b>	<b>21.0</b>	<b>0.6</b>	<b>19.5</b>	<b>20.1</b>
Capital and reserves	2.8	18.2	21.0	0.6	19.5	20.1

HARRODS COMMERCIAL PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2016

13. FIRST TIME ADOPTION OF FRS 102 (continued)

Reconciliation of Profit and Loss

	<i>As previously stated 31 January 2015 £M</i>	<i>Effect of transition 31 January 2015 £M</i>	<b>FRS 102 (as restated) 31 January 2015 £M</b>
Turnover	3.1	-	<b>3.1</b>
	3.1	-	<b>3.1</b>
Administrative expenses	(1.8)	-	<b>(1.8)</b>
Other operating income	-	1.3	<b>1.3</b>
<b>Operating profit</b>	<b>1.3</b>	<b>1.3</b>	<b>2.6</b>
Taxation	(0.5)	0.1	<b>(0.4)</b>
<b>Profit on ordinary activities after taxation and for the financial period</b>	<b><u>0.8</u></b>	<b><u>1.4</u></b>	<b><u>2.2</u></b>

Explanation of changes to previously reported profit and equity:

**1 Investment properties**

Under FRS 102, changes in the fair value of investment properties are recorded in the profit and loss account. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses. The impact of this is: Other operating income - Investment Property Valuation £1.3m, Fixed assets - revaluation of freehold property 2014: £28.2m, 2015: £29.6m.

**3 Deferred tax**

Deferred tax has been recognised on fair value adjustments arising on revaluation of properties - Provisions for liabilities - Deferred tax on revaluation of properties £0.1m