

Registered number: 6511479

QH PARTICIPATIONS LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JANUARY 2016



QH PARTICIPATIONS LTD

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QH PARTICIPATIONS LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JANUARY 2016

The directors present their report and the financial statements for the 52 week period ended 30 January 2016.

PRINCIPAL ACTIVITY

The principal activity of the company is that of an investment holding company.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £43.2m (2015: £76.5m).

Whilst income (dividends received) remained relatively consistent with prior year at £97.1m (2015 - £100.0m) a renewed loan agreement with Qatar Holding LLC resulted in growth in interest payable of 125.5% to £67.7m (2015 - £30.0m), which significantly impacted profit. The new loan agreement required interest of 7.5% per annum to be paid on the full value of the loan (£902.2m), where previously the company had enjoyed a reduced rate of 6.25% per annum being charge on only a portion of the loan (2015 - £480m).

The company paid a dividend during the period of £29.5m (2015: £83.1m).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company are a decrease in the value of investments in subsidiary undertakings to below cost value, which would occur if there was a decline in the underlying performance of subsidiaries, and the recoverability of intercompany- receivables.

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

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.

KPIs

There are no other KPIs required to be reported other than income and profit after tax that would give a fuller understanding to the business.

POST BALANCE SHEET EVENTS

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

QH PARTICIPATIONS LTD

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;
- 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.

DISCLOSURE OF INFORMATION TO AUDITORS

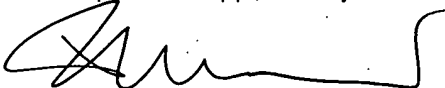
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

QH PARTICIPATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QH PARTICIPATIONS LIMITED

We have audited the financial statements of QH Participations Limited for the period ended 30 January 2016, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 15. 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'.

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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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 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 Directors' Report 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 FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 January 2016 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

QH PARTICIPATIONS LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QH PARTICIPATIONS LTD

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

1 More London Place
London
SE1 2AF

Date: 8 June 2016

QH PARTICIPATIONS LTD

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

	Note	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Income from shares in group companies		97,139	100,000
Interest receivable and similar income	4	50	113
Interest payable and expenses	5	(67,667)	(30,000)
Profit before tax		<u>29,522</u>	<u>70,113</u>
Tax on profit	6	13,633	6,373
Profit for the period		<u><u>43,155</u></u>	<u><u>76,486</u></u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>43,155</u></u>	<u><u>76,486</u></u>

QH PARTICIPATIONS LTD
Registered number: 6511479

BALANCE SHEET
AS AT 30 JANUARY 2016

	Note	30 January 2016 £000	31 January 2015 £000
Fixed assets			
Investments	8	901,500	901,500
		<u>901,500</u>	<u>901,500</u>
Current assets			
Debtors	9	102,317	58,402
Cash at bank and in hand		17,812	11,450
		<u>120,129</u>	<u>69,852</u>
Creditors: amounts falling due within one year	10	(942,977)	(906,383)
Net current assets		<u>(822,848)</u>	<u>(836,531)</u>
Net assets		<u><u>78,652</u></u>	<u><u>64,969</u></u>
Capital and reserves			
Called up share capital	11	3,283	3,283
Share premium account		35,917	35,917
Profit and loss account		39,452	25,769
		<u><u>78,652</u></u>	<u><u>64,969</u></u>

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 9 to 14 form part of these financial statements.

QH PARTICIPATIONS LTD
STATEMENT OF CHANGES IN EQUITY
AS AT 30 JANUARY 2016

	Share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 February 2015	3,283	35,917	25,769	64,969
Comprehensive income for the period				
Profit for the period	-	-	43,155	43,155
Total comprehensive income for the period	-	-	43,155	43,155
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(29,472)	(29,472)
Total transactions with owners	-	-	(29,472)	(29,472)
At 30 January 2016	<u>3,283</u>	<u>35,917</u>	<u>39,452</u>	<u>78,652</u>

The notes on pages 9 to 14 form part of these financial statements.

QH PARTICIPATIONS LTD
STATEMENT OF CHANGES IN EQUITY
AS AT 31 JANUARY 2015

	Share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
At 2 February 2014	3,283	35,917	32,396	71,596
Comprehensive income for the period				
Profit for the period	-	-	76,486	76,486
Total comprehensive income for the period	-	-	76,486	76,486
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(83,113)	(83,113)
Total transactions with owners	-	-	(83,113)	(83,113)
At 31 January 2015	3,283	35,917	25,769	64,969

The notes on pages 9 to 14 form part of these financial statements.

QH PARTICIPATIONS LTD

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.

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.

There is no impact of the first time adoption of FRS 102 to the Company's financial statements.

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

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.

QH Participations Limited is a wholly owned subsidiary of Harrods Group (Holding) Limited which produces Group accounts in accordance with the Companies Act 2006. Consequently the company has taken advantage of the exemption permitted by section 400 of the Act from producing Group accounts. These accounts therefore present information about the company and not about its group.

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 Group (Holding) Limited as at 30 January 2016 and these financial statements may be obtained from the Registrar of Companies.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.4 Dividends

Revenue is recognised when the Group's right to receive payment is established.

QH PARTICIPATIONS LTD

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

2. OPERATING PROFIT

Audit fees for the period were £nil (2015: £nil) as they were borne by another group 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 (2015: £nil).

3. OTHER INCOME

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Dividends from shares in group undertakings	97,139	100,000
	97,139	<i>100,000</i>

4. INTEREST RECEIVABLE

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Interest receivable from group companies	50	113
	50	<i>113</i>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 30 January 2016 £000	<i>52 weeks ended 31 January 2015 £000</i>
Other loan interest payable	67,667	30,000
	67,667	<i>30,000</i>

QH PARTICIPATIONS LTD

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

6. TAXATION

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Current tax		
Group relief receivable for the period	(13,633)	(6,373)
Total tax for the period	<u>(13,633)</u>	<u>(6,373)</u>

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

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

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Profit on ordinary activities before tax	<u>29,522</u>	<u>70,113</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	5,952	14,948
Effects of:		
Dividends from UK companies	(19,585)	(21,321)
Total tax charge for the period	<u>(13,633)</u>	<u>(6,373)</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.

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.

QH PARTICIPATIONS LTD

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

7. DIVIDENDS

	30 January 2016 £000	31 January 2015 £000
Current period interim dividend paid	29,472	83,113
	<u>29,472</u>	<u>83,113</u>

8. FIXED ASSET INVESTMENTS

Shares in group undertakings and participating interests

	Investments in subsidiary companies £000
Cost or valuation At 1 February 2015 and at 30 January 2016	901,500
Net book value At 31 January 2015 and 30 January 2016	<u>901,500</u>

The company directly owns 72.4% of the ordinary share capital of Harrods Holdings Limited, which is registered in England and Wales and operates in the United Kingdom. The principal activity of Harrods Holdings Limited is an intermediary holding company for the Harrods retail group.

The company has the following wholly owned (100% of equity and voting rights) trading and non-trading subsidiary undertakings registered in England and Wales.

Principal subsidiaries	Country of registration	Principal activity
QH Partners Limited *	England and Wales	Holding company
Harrods Holdings Limited	England and Wales	Holding company
Harrods Corporate Management Limited*	England and Wales	Intellectual Property Management
Harrods (UK) Limited	England and Wales	Holding company
Harrods Limited	England and Wales	Department store
Harrods International Limited	England and Wales	Tax free retailer and wholesaler
Harrods (Continental) Limited	England and Wales	Exporter
Harrods Estates Limited	England and Wales	Estate agency
PL Management Limited	England and Wales	Property Management
Harrods Estates Paris S.A.	France	Property Management
Harrods Commercial Property Limited	England and Wales	Property Management
Harrods Property Limited	England and Wales	Property Management
Genavco Holdings Limited	England and Wales	Holding company
Genavco Insurance Limited	England and Wales	Insurance broker
Harrods Nominees Limited	England and Wales	Dormant company
Wylie and Company Limited	England and Wales	Dormant company
Featurecode 2A Holdings	England and Wales	Dormant company
Featurecode 2A	England and Wales	Dormant company
Harrods Management Limited	England and Wales	Dormant company
Harrods Watches Limited	England and Wales	Dormant company
Harrods Group Trustees Limited	England and Wales	Dormant company

* The whole of the issued ordinary share capital in this company is owned directly by the company. The whole of the issued ordinary share capital in the other companies is held by intermediate holding companies, with the exception of Harrods Holdings Limited, 72.42% of the share capital of which is held directly by the company.

QH PARTICIPATIONS LTD

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

9. DEBTORS

	30 January 2016 £000	<i>31 January 2015 £000</i>
Amounts owed by group undertakings	88,684	52,034
Group relief receivable	13,633	6,368
	<u>102,317</u>	<u>58,402</u>

Amounts owed by group undertakings include a non-interest bearing current account with Harrods Limited of £43,784k (2015: £7,134k), and a non-interest bearing current account with Harrods Group (Holding) Limited of £44,900k (2015: £44,900k).

Group receivables are repayable on demand.

10.

CREDITORS: Amounts falling due within one year

	30 January 2016 £000	<i>31 January 2015 £000</i>
Amounts owed to group undertakings	589	1,662
Amounts owed to related party	902,221	902,221
Other creditors	40,167	2,500
	<u>942,977</u>	<u>906,383</u>

The related party loan above relates to a loan from Qatar Holding LLC, which is under the common control of the company's ultimate parent undertaking (see note 14).

11. SHARE CAPITAL

	30 January 2016 £	<i>31 January 2015 £</i>
Authorised		
328,400,000- Ordinary shares of £0.01 each	<u>3,284,000</u>	<u>3,284,000</u>
Allotted, called up and fully paid		
328,310,000- Ordinary shares of £0.01 each	<u>3,283,100</u>	<u>3,283,100</u>

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

QH PARTICIPATIONS LTD

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

12. CONTINGENT LIABILITIES

The company had no contingent liabilities at 30 January 2016 or 31 January 2015.

13. CAPITAL COMMITMENTS

There were no capital commitments at 30 January 2016 or 31 January 2015.

14. RELATED PARTY TRANSACTIONS

As at the beginning of the financial year (1 February 2015), QH Participations Limited had a loan facility agreement with Qatar Holding LLC, the ultimate controlling party, which was fully drawn down. The facility was repayable on 1 April 2016. On 30 January 2016, the facility was renewed, with effect from 1 February 2015, under new terms maturing on 31 January 2020. The loan is now fully interest bearing at a rate of 7.5%.

During the year ended 30 January 2016, a total of £30.0m of interest was paid (2015: £30.0m) and £40.2m was accrued (2015 £2.5m accrued).

The outstanding balance at the end of the year was £902.2m (2015: £902.2m).

The company has taken advantage of the exemption in FRS102, 33.7 "Related Party Disclosures" from disclosing transactions with other members of the group.

15. CONTROLLING PARTY

The company's immediate parent undertaking is Harrods Group (Holding) Limited, a company incorporated in the United Kingdom. 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 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.