

**TURNBULL & ASSER LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JANUARY 1999**

Registered Number: 1066321



## **TURNBULL & ASSER LIMITED DIRECTORS' REPORT**

The Directors present their annual report and the audited consolidated financial statements of Turnbull & Asser Limited and its subsidiaries ("the Group") for the year ended 30<sup>th</sup> January 1999.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the retailing of menswear clothing.

### **DIRECTORS AND THEIR INTERESTS**

The present Directors of the Company are:

Mr A Fayed – Chairman  
Mr KT Williams  
Mr PE Cuss  
Mr IJ Luxton  
Mr S Quin  
Mr M Stearn

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

Mr A. Fayed has beneficial interest in the shares of the Company, comprising the entire issued share capital as at 30<sup>th</sup> January 1999 and at 31<sup>st</sup> January 1998. No other Directors in office during the year held any beneficial interest in the shares of the Company or of any of its subsidiary undertakings at 30<sup>th</sup> January 1999 or at 31<sup>st</sup> January 1998.

No Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business of the Company or the Group.

### **REVIEW OF THE BUSINESS**

The directors are pleased to report an increase in turnover of 7.5% to £10.7 million, and an increase in operating profit of 44% to £1.35 million.

The business maintained sales momentum in what were widely regarded as difficult trading conditions. The benefits from new concession operations, together with a continuing emphasis on cost controls contributed to improved levels of profitability. The directors consider that the company is well placed to take advantage of any improvements in trading conditions.

### **RESULTS AND DIVIDENDS**

The Group profit on ordinary activities before taxation for the year ended 30<sup>th</sup> January 1999 amounted to £1.441 million (1998: £1.049 million). The profit for the financial year increased 34% to £1.013m (1998: £0.757 million). The Directors have paid an interim dividend of £1.084 million for the year (1998: £1.442 million). No final dividend is proposed.

## **TURNBULL & ASSER LIMITED DIRECTORS' REPORT**

### **YEAR 2000**

The Company has been addressing this issue since September 1997 and its computer systems are either compliant or are scheduled to be made compliant during 1999. The cost of upgrading the systems is not expected to be material.

In appropriate cases formal assurance has been sought from suppliers to ensure their systems are year 2000 compliant.

### **THE ENVIRONMENT**

The Company has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The Directors are committed to compliance with environmental best practice in all aspects of the business.

### **AUDITORS**

Following the merger of Price Waterhouse and Coopers and Lybrand on 1<sup>st</sup> July 1998, Price Waterhouse resigned as auditors in favour of the new firm, PricewaterhouseCoopers, and the Directors have appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed as special business at the forthcoming Annual General Meeting.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 4 to 16 on a going concern basis and consider that the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

By Order of the Board.

  
S. Jerman  
Secretary

21<sup>st</sup> April 1999

Registered Office  
14, South Street  
London  
W1Y 5PJ

**AUDITORS' REPORT  
TO THE MEMBERS OF TURNBULL & ASSER LIMITED**

We have audited the financial statements on pages 4 to 16 which have been properly prepared under the historical cost convention and the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors are responsible for preparing the annual report and financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30<sup>th</sup> January 1999 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors

21<sup>st</sup> April 1999

Southwark Towers  
32, London Bridge Street  
London, SE1 9SY

**TURNBULL & ASSER LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JANUARY 1999**

Note		1999 £000	1998 £000
	Gross Turnover	11,998	11,062
	Value Added Tax	(1,301)	(1,115)
1	<b>TURNOVER</b>	<u>10,697</u>	<u>9,947</u>
	Cost of Sales	(5,877)	(5,588)
	Gross Profit	<u>4,820</u>	<u>4,359</u>
	Distribution Costs	(173)	(191)
	Administrative Expenses	(3,472)	(3,355)
2	Other Operating Income	172	120
3	<b>OPERATING PROFIT</b>	<u>1,347</u>	<u>933</u>
4	Interest Receivable	94	116
	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>1,441</u>	<u>1,049</u>
5	Taxation	(428)	(292)
	Profit On Ordinary Activities After Taxation being the <b>PROFIT FOR THE FINANCIAL YEAR</b>	<u>1,013</u>	<u>757</u>
6	Dividends Paid	(1,084)	(1,442)
15	Loss retained for the year	<u>(71)</u>	<u>(685)</u>

The Group has not recognised gains and losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

*There is no material difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and the historical cost equivalents.*

All profits in the period arose from continuing operations.

The notes on pages 7 to 16 form part of these accounts.



**TURNBULL & ASSER LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JANUARY 1999**

Note		GROUP		COMPANY	
		1999 £000	1998 £000	1999 £000	1998 £000
	<b>FIXED ASSETS</b>				
8	Tangible assets	1,069	940	1,069	940
9	Investments	-	-	39	49
		<u>1,069</u>	<u>940</u>	<u>1,108</u>	<u>989</u>
	<b>CURRENT ASSETS</b>				
10	Stocks	2,444	2,386	2,444	2,386
11	Debtors due within one year	1,061	1,564	1,140	1,645
	Debtors due after more than one year	105	106	105	106
	Cash at bank and in hand	1,625	1,343	1,569	1,277
		<u>5,235</u>	<u>5,399</u>	<u>5,258</u>	<u>5,414</u>
	<b>CREDITORS</b>				
12	Amounts falling due within one year	(1,295)	(1,259)	(1,357)	(1,328)
	<b>NET CURRENT ASSETS</b>	<u>3,940</u>	<u>4,140</u>	<u>3,901</u>	<u>4,086</u>
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>5,009</u>	<u>5,080</u>	<u>5,009</u>	<u>5,075</u>
	<b>PROVISION FOR LIABILITIES AND CHARGES</b>				
13	Deferred taxation	(20)	(20)	(20)	(20)
		<u>4,989</u>	<u>5,060</u>	<u>4,989</u>	<u>5,055</u>
	<b>CAPITAL AND RESERVES</b>				
14	Called up share capital	850	850	850	850
	Capital redemption reserves	30	30	30	30
15	Profit and loss account	4,109	4,180	4,109	4,175
16	<b>TOTAL SHAREHOLDER'S FUNDS (EQUITY)</b>	<u>4,989</u>	<u>5,060</u>	<u>4,989</u>	<u>5,055</u>

Approved by the Board on 21<sup>st</sup> April 1999



**K.T. Williams**  
**Director**

The notes on pages 7 to 16 form part of these accounts.

**TURNBULL & ASSER LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JANUARY 1999**

Note	1999 £000	1998 £000
21		
CASH INFLOW FROM OPERATING ACTIVITIES	1,783	473
RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
Bank interest received	94	116
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>94</u>	<u>116</u>
TAXATION		
Corporation tax paid	(90)	(360)
Advanced corporation tax - paid	(271)	(361)
- repaid	191	-
Overseas tax paid	(5)	(5)
TAXATION PAID	<u>(175)</u>	<u>(726)</u>
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	(338)	(594)
Disposal of tangible fixed assets	2	1
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(336)</u>	<u>(593)</u>
EQUITY DIVIDEND PAID	<u>(1,084)</u>	<u>(1,442)</u>
INCREASE/(DECREASE) IN CASH IN THE PERIOD	282	(2,172)
NET FUNDS AT 31 JANUARY 1998	1,343	3,515
NET FUNDS AT 30 JANUARY 1999	<u><u>1,625</u></u>	<u><u>1,343</u></u>



## **TURNBULL & ASSER LIMITED**

### **ACCOUNTING POLICIES**

#### **BASIS OF ACCOUNTS**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the Group's properties, and comply with the disclosure requirements of the Companies Act 1985 and applicable accounting standards.

#### **BASIS OF CONSOLIDATION**

These consolidated financial statements include the results of the Company and its subsidiary undertakings for the year ended 30<sup>th</sup> January 1999.

#### **STOCK**

Stock is stated at the lower of cost and net realisable value.

#### **TANGIBLE FIXED ASSETS**

Freehold properties are stated at either professional or Directors' valuation. All other fixed assets are stated at cost.

#### **FIXED ASSET INVESTMENTS**

The Company accounts for its fixed asset investments at cost less any provision required for permanent diminution in value.

#### **DEPRECIATION OF TANGIBLE FIXED ASSETS**

Depreciation is provided by the Group in order to write down to estimated residual value, if any, the cost or valuation of tangible fixed assets over their estimated useful lives by equal annual instalments, as follows:

Freehold buildings	Over 75 – 100 years
Short leaseholds	Remaining period of lease
Fixture and fittings	Over 3 – 10 years
Vehicles and equipment	Over 4 – 10 years

#### **LEASED ASSETS**

Rentals payable under operating leases are charged to the profit and loss accounts on a straight-line basis over the term of the lease.

#### **DEFERRED TAXATION**

Deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different to those in which they are included in the accounts and where a tax liability is expected to crystallise.

#### **PENSIONS COSTS**

Retirement benefits are funded by contributions from the Company and employees. Payments are made to the pension trust, which is financially separate from the Company, in accordance with calculations made periodically by consulting actuaries. Contributions are charged to the profit and loss account on a basis that spreads the expected costs of providing pensions over the average remaining service lives of employees in the scheme.

#### **FOREIGN CURRENCY**

Assets and liabilities are translated at the closing rate and transactions during the year are translated at the actual rate on the day of the transaction. Exchange differences arising from the translation of the opening net investment in a subsidiary to the closing rate are recorded as a movement on reserves. Realised gains and losses are dealt with in the profit and loss account.

**TURNBULL & ASSER LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

	1999 £000	1998 £000
1	<p>TURNOVER is the amount receivable, excluding VAT, for goods and services supplied to customers in the following locations:</p>	
	United Kingdom	8,637
	Rest of Europe	6,632
	Japan	395
	Other	273
	1,392	380
	<u>10,697</u>	<u>9,947</u>
	All operations are based in the United Kingdom.	
2	OTHER OPERATING INCOME	
	Royalty income	172
	<u>172</u>	<u>120</u>
3	OPERATING PROFIT – is stated after charging/(crediting):	
	Depreciation of tangible fixed assets	209
	Profit on disposal of tangible fixed assets	141
	Auditors' remuneration	(2)
	Foreign exchange (gain)/loss	23
	Rentals paid under operating leases:	(6)
	• Land and buildings	450
	• Plant and machinery	35
	<u>450</u>	<u>479</u>
	<u>35</u>	<u>23</u>
	The audit fee for the parent company is £22,500.	
4	INTEREST RECEIVABLE	
	Bank interest	94
	<u>94</u>	<u>116</u>
5	TAXATION	
	UK Corporation tax on current year profits	460
	Prior year tax adjustment	(32)
	<u>460</u>	<u>292</u>
	<u>428</u>	<u>292</u>
6	DIVIDENDS	
	ORDINARY SHARES OF US 0.001 CENTS	
	Interim dividend of 20.96 cents (1998: 27.95 cents)	1,073
	<u>1,073</u>	<u>1,428</u>
	ORDINARY SHARES OF £0.10 EACH	
	Interim dividend of 0.13 pence (1998: 0.17 pence)	11
	<u>11</u>	<u>14</u>
	<u>1,084</u>	<u>1,442</u>

**TURNBULL & ASSER LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

	1999 £000	1998 £000
<b>7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES</b>		
Staff costs:		
Wages and salaries	2,718	2,500
Social security costs	208	204
Other pension costs	106	87
	<u>3,032</u>	<u>2,791</u>
	1999	1998
The average number of employees during the period was as follows:		
United Kingdom	<u>198</u>	<u>203</u>
	1999 £000	1998 £000
<b>DIRECTORS' REMUNERATION &amp; INTERESTS:</b>		
Directors' remuneration:		
Emoluments excluding pension contributions	<u>297</u>	<u>249</u>
Aggregate value of contributions paid to money purchase schemes.	<u>2</u>	<u>2</u>
Highest paid Director	<u>76</u>	<u>72</u>
	1999 Number	1998 Number
<b>NUMBER OF DIRECTORS TO WHOM RETIREMENT BENEFITS ARE ACCRUING UNDER:</b>		
Money purchase schemes	1	1
Defined benefit schemes	2	2
	<u>3</u>	<u>3</u>

**TURNBULL & ASSER LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

**7 INFORMATION REGARDING THE DIRECTORS AND EMPLOYEES (Continued)**

**PENSIONS**

During the year, the company participated in the Harrods Group Pension Plan, which operated as a defined benefit group pension scheme in the United Kingdom.

The member companies, including Turnbull & Asser, pay such contributions to the Plan as required in order to fund benefits for the members and pensioners. The assets of the Plan are held in trust separately from those of the member companies and the trustees of the Plan secure the safety of the company's pension assets.

The regular pension cost charged to the profit and loss account is based on figures calculated for the Group as a whole which are such as to spread the expected pension costs over the average remaining working lives of employees who are members of the Plan. The regular cost is expressed as a level percentage of the current and expected future earnings using the projected unit method of calculation, having adopted the following actuarial assumptions.

Investment return	9.0 per cent per annum compounded
General increase in pensionable earnings	6.5 per cent per annum compounded
Dividend growth for asset valuation purposes	4.5 per cent per annum compounded

The total surplus for the Group Pension Plan as at 5<sup>th</sup> April 1996 has been determined by qualified independent actuaries who are partners of Bacon & Woodrow, Consulting Actuaries. This total surplus has been allocated to the companies within the Group Plan by the Directors of Harrods Holdings plc on a basis that is consistent with that adopted in prior years.

Surplus or deficiencies and associated interest are spread over the same average period as an adjustment to regular cost.

The Company's pension charge for the year to 30<sup>th</sup> January 1999 is based on its proportion of the total surplus as follows:

	1999 £000	1998 £000
Regular cost	105	97
Variation	1	(10)
Net pension charge	<u>106</u>	<u>87</u>

The pension prepayment is as follows:

Opening balance	106	96
Contributions paid	105	97
Charge to profit & loss account	(106)	(87)
Closing balance	<u>105</u>	<u>106</u>

**TURNBULL & ASSER LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

**7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)**

The Company's pension assets are included in those of Harrods Group Pension Plan. The market value of assets held within the Pension Plan as at 5<sup>th</sup> April 1996 was £126.9 million. At this date, the actuarial value was sufficient to cover 119.0% of the benefits that had accrued to members, after allowing for the expected future increases in earnings. The actuarial surplus is being spread over the estimated remaining service life of current employees over 13 years on a straight-line basis.

**8 TANGIBLE FIXED ASSETS**

Group & Company:	Total	Freehold Properties	Short Leasehold Properties	Fixtures Fittings & Equipment
	£000	£000	£000	£000
Opening cost or valuation	2,101	80	63	1,958
Additions	338	-	-	338
Disposals	(10)	-	-	(10)
Closing cost or valuation	<u>2,429</u>	<u>80</u>	<u>63</u>	<u>2,286</u>
Opening aggregate depreciation	1,161	-	41	1,120
Charge for the period	209	-	6	203
Disposals	(10)	-	-	(10)
Closing aggregate depreciation	<u>1,360</u>	<u>-</u>	<u>47</u>	<u>1,313</u>
Closing Net Book Value	<u>1,069</u>	<u>80</u>	<u>16</u>	<u>973</u>
Opening Net Book Value	<u>940</u>	<u>80</u>	<u>22</u>	<u>838</u>

Freehold properties were valued by Healey & Baker, International Real Estate consultants, at 31<sup>st</sup> January 1998, on the basis of open market value for existing use in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The Directors have valued the properties at 30<sup>th</sup> January 1999, having due regard to this professional valuation.



**TURNBULL & ASSER LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

	1999 £000	1998 £000
9 <b>FIXED ASSET INVESTMENTS</b>		
Shares in Company undertakings:		
Opening and Closing Cost	289	289
Opening provision	(240)	(240)
Increase in provision	(10)	-
Closing provision	(250)	(240)
Closing net book value	39	49
Opening net book value	49	49

The Company has the following wholly owned non-trading subsidiary undertakings, which operate in the United Kingdom:

**Name of Company**

- The Jermyn Street Shirtmakers Limited
- Charles Hill Silks Management Limited
- Charles Hill Silks Limited
- Turnbull & Asser (Ontario) Limited
- \* Turnbull & Asser Management Limited
- \* James Drew Limited
- \* DTSG Limited
- \* Airmont Limited (Previously; Hawes & Curtis Ltd)

\* These companies were in the process of being liquidated at the year end.

In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

	1999 £000	1998 £000
10 <b>STOCKS</b>		
Group and Company:		
Raw materials and consumables	859	1,202
Work in progress	349	281
Finished goods and goods for resale	1,236	903
	2,444	2,386

**TURNBULL & ASSER LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>11 DEBTORS</b>				
Amounts due within one year:				
Trade debtors	872	1,163	872	1,163
Amounts owed by group undertakings	-	-	79	88
Other debtors	73	91	73	84
ACT recoverable	-	174	-	174
Prepayments	116	136	116	136
	<u>1,061</u>	<u>1,564</u>	<u>1,140</u>	<u>1,645</u>
Amount due after more than one year:				
Pension prepayment	105	106	105	106
	<u>1,166</u>	<u>1,670</u>	<u>1,245</u>	<u>1,751</u>

**12 CREDITORS**

Amounts falling due within one year:				
Trade creditors	266	494	266	494
Amounts owed to group undertakings	-	-	63	69
Other creditors	162	172	161	172
Taxation and social security	413	236	413	236
Accruals and deferred income	454	357	454	357
	<u>1,295</u>	<u>1,259</u>	<u>1,357</u>	<u>1,328</u>

**1999**  
**£000**

**1998**  
**£000**

**13 DEFERRED TAXATION**

Group and Company:		
Provided in respect of capital allowances	<u>20</u>	<u>20</u>

In addition to the amount provided for deferred taxation, there are potential liabilities not provided for in respect of taxation deferred in relation to:

Revaluation of properties	<u>15</u>	<u>16</u>
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**TURNBULL & ASSER LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

	1999 £	1998 £
<b>14 CALLED UP SHARE CAPITAL</b>		
Authorised:		
8.5 million Ordinary shares of US \$0.001 cents each	55	55
10.3 million Ordinary shares of £0.10 each	1,030,200	1,030,200
	<u>1,030,255</u>	<u>1,030,255</u>
Allotted and fully paid:		
8.5 million Ordinary shares of US \$0.001 cents each	55	55
8.5 million Ordinary shares of £0.10 each	850,000	850,000
	<u>850,055</u>	<u>850,055</u>

The US \$ shares are each entitled to receive dividends amounting to the first 99% of the amount of profits which the Company may determine to distribute in respect of any financial year, divided by the number of US \$ shares then in issue. The Sterling shares are each entitled to receive a dividend of the remaining 1% of distributable profits, divided by the number of Sterling shares then in issue.

Each US \$ share carries 99 votes. Each Sterling share carries one vote.

In the event of a return of capital or winding up the US \$ class of shares shall be entitled to receive the first 99% of the assets available for distribution. Only after the US \$ class has received its full entitlement shall the Sterling class be entitled to the balance of the assets available.

Neither class of share is redeemable at the shareholder's request.

	Group 1999 £000	Company 1999 £000
<b>15 PROFIT AND LOSS ACCOUNT</b>		
Opening balance	4,180	4,175
Transferred from reserves	(71)	(66)
Closing balance	<u>4,109</u>	<u>4,109</u>

The Company has taken advantage of section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company has not been presented. The Company's profit for the financial year was £1,013,178 (1998: £757,496).



**TURNBULL & ASSER LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Profit for the financial year	1,013	757	1,013	757
Dividends	(1,084)	(1,442)	(1,079)	(1,442)
Net reduction to shareholders' funds	(71)	(685)	(66)	(685)
Opening shareholders' funds	5,060	5,745	5,055	5,740
Closing shareholders' funds	<u>4,989</u>	<u>5,060</u>	<u>4,989</u>	<u>5,055</u>

**17 LEASING COMMITMENTS**

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
The Group and Company has the following annual operating commitments in respect of land and buildings:		
Less than 1 year	5	-
2 to 5 years	283	78
After 5 years	177	394
	<u>465</u>	<u>472</u>
The leases are subject to rent review.		
Other assets – between 2 & 5 years	<u>26</u>	<u>19</u>

**18 CAPITAL COMMITMENTS**

Group and Company:		
Authorised and not contracted	<u>205</u>	<u>193</u>

**19 CONTINGENT LIABILITY**

Group and Company:		
Legal dispute	<u>105</u>	<u>105</u>

The contingent liability relates to a legal dispute between the company and a former agent in Italy. Given the nature of the litigation the outcome of any action currently pending remains uncertain.

**TURNBULL & ASSER LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JANUARY 1999**

**20 RELATED PARTY DISCLOSURES**

During the year the Group traded with Turnbull & Asser LLC, a company in which Mr A. Fayed has a beneficial interest. Sales were made on commercial terms and amounted to £0.6 million for the year (1998: £1.58 million). A license fee income was obtained on sales resulting in other operating income of £0.13 million (1998: £0.06 million). At the year-end the amount owed to the Company by Turnbull & Asser LLC was £0.15 million (1998: £0.30 million).

The Group also trades with companies in the Harrods Group in which Mr A. Fayed has a beneficial interest. Sales were made on commercial terms and amounted to £0.99 million for the year (1998: £0.99 million). Charges for operating expenses amounted to £0.33 million. (1998: £0.30 million) and fixed assets acquired amounted to £0.01 million (1998: £0.09million). At the year end the net amount owed by these companies to the Company was £0.14 million (1998: £0.10 million).

The ultimate controlling party is Mr A. Fayed.

**21 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	1999 £000	1998 £000
Operating profit	1,347	933
Profit on disposal of tangible fixed assets	(2)	-
Pension variation	1	(10)
Depreciation charged	209	141
Change in stocks	(58)	(162)
Change in debtors	329	(469)
Change in creditors	(43)	40
Net cash inflow from operating activities	<u>1,783</u>	<u>473</u>