

TURNBULL & ASSER LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 27TH JANUARY 2001

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 52 weeks ended 27th January 2001.

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 S Quin
Mr M Stearn
Mrs H Mountford (appointed 1st April 2001)

The following Directors also held office during the year:

Mr IJ Luxton (resigned 30th March 2001)
Mr B Goldsmith (appointed 9th March 2000, resigned 31st January 2001)

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 27th January 2001 and at 29th January 2000. 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 27th January 2001 or at 29th January 2000.

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

Sales were increased by 9.0% to £13.130 million in a year which saw some difficult trading months. The Jermyn Street store was extended part way through the year and the benefits of the extra trading space are already noticeable. The directors consider the company is well placed to continue to maintain the levels of sales during what could be a turbulent economic climate during 2001 and take advantage of any improvements in trading conditions.

RESULTS AND DIVIDENDS

The Group profit on ordinary activities before taxation for the year ended 27th January 2001 amounted to £1.206 million (2000: £1.516 million). The Directors have paid an interim dividend of £0.662 million for the year (2000: £1.498 million). No final dividend is proposed and the result has been transferred to reserves.

**TURNBULL & ASSER LIMITED
DIRECTORS' REPORT**

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

PricewaterhouseCoopers have expressed willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

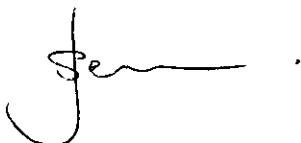
The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 4 to 19 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

12th April 2001

Registered Office
14 South Street
London
W1K 1DF

AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED

We have audited the financial statements on pages 4 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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 AUDIT 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 27th January 2001 and of the profit and cash flows of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

12th April 2001

1 Embankment Place
London
WC2N 6RH

TURNBULL & ASSER LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 27th JANUARY 2001

		2001 £000	2000 £000
Note			
	Gross turnover	13,130	12,042
	Value added tax	(1,457)	(1,340)
1	TURNOVER	<u>11,673</u>	<u>10,702</u>
	Cost of sales	(6,574)	(5,882)
	Gross profit	<u>5,099</u>	<u>4,820</u>
	Distribution costs	(199)	(173)
	Administrative expenses	(3,867)	(3,332)
2	Other operating income	133	134
3	OPERATING PROFIT	<u>1,166</u>	<u>1,449</u>
4	Interest	40	67
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,206</u>	<u>1,516</u>
5	Taxation on profit on ordinary activities	(383)	(465)
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>823</u>	<u>1,051</u>
6	Dividends paid	(662)	(1,498)
15	Retained profit/(loss) for the financial year	<u><u>161</u></u>	<u><u>(447)</u></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 9 to 19 form part of these accounts.

TURNBULL & ASSER LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 27th JANUARY 2001

Note		GROUP		COMPANY	
		2001 £000	2000 £000	2001 £000	2000 £000
	FIXED ASSETS				
8	Tangible assets	1,456	1,196	1,456	1,196
9	Investments	-	-	12	12
		<u>1,456</u>	<u>1,196</u>	<u>1,468</u>	<u>1,208</u>
	CURRENT ASSETS				
10	Stocks	2,481	2,317	2,481	2,317
11	Debtors	1,470	1,231	1,481	1,242
	Cash at bank and in hand	547	1,218	536	1,207
		<u>4,498</u>	<u>4,766</u>	<u>4,498</u>	<u>4,766</u>
12	CREDITORS	(1,231)	(1,400)	(1,242)	(1,411)
	NET CURRENT ASSETS	<u>3,267</u>	<u>3,366</u>	<u>3,256</u>	<u>3,355</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,723</u>	<u>4,562</u>	<u>4,724</u>	<u>4,563</u>
	PROVISION FOR LIABILITIES AND CHARGES				
13	Deferred taxation	(20)	(20)	(20)	(20)
		<u>4,703</u>	<u>4,542</u>	<u>4,704</u>	<u>4,543</u>
	CAPITAL AND RESERVES				
14	Called up share capital	850	850	850	850
	Capital redemption reserves	30	30	30	30
15	Profit and loss account	3,823	3,662	3,824	3,663
		<u>4,703</u>	<u>4,542</u>	<u>4,704</u>	<u>4,543</u>
16	SHAREHOLDERS' FUNDS				
	-Equity	47	45	47	45
	-Non Equity	4,656	4,497	4,657	4,498
		<u>4,703</u>	<u>4,542</u>	<u>4,704</u>	<u>4,543</u>

Approved by the Board on 12th April 2001



K.T. Williams
Director

The notes on pages 9 to 19 form part of these accounts.

TURNBULL & ASSER LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 27th JANUARY 2001

Note	2001 £000	2000 £000
21		
NET CASH INFLOW FROM OPERATING ACTIVITIES	927	1,754
RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
Bank interest received	42	67
Interest paid	(2)	-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>40</u>	<u>67</u>
TAXATION		
Corporation tax paid	(477)	(259)
Advanced corporation tax - paid	-	(125)
Overseas tax paid	-	(6)
TAXATION PAID	<u>(477)</u>	<u>(390)</u>
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	(501)	(340)
Proceeds on sale of tangible fixed assets	2	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(499)</u>	<u>(340)</u>
EQUITY DIVIDENDS PAID	<u>(662)</u>	<u>(1,498)</u>
DECREASE IN CASH IN THE PERIOD	<u>(671)</u>	<u>(407)</u>
ANALYSIS OF CHANGES IN NET FUNDS:		
NET FUNDS AT 29 JANUARY 2000	1,218	1,625
NET FUNDS AT 27 JANUARY 2001	547	1,218
DECREASE IN NET FUNDS	<u>(671)</u>	<u>(407)</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 property, in accordance with the accounting policies set out below and applicable accounting standards.

BASIS OF CONSOLIDATION

These consolidated financial statements include the results of the Company and its subsidiary undertakings for the 52 weeks ended 27th January 2001.

STOCK

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

TANGIBLE FIXED ASSETS

The freehold property is stated at valuation. All other fixed assets are stated at cost.

FIXED ASSET INVESTMENTS

Fixed asset investments are held at cost less any provision required for 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 property	75 years
Short leaseholds	Remaining period of lease
Fixture and fittings	Over 3 – 10 years
Vehicles and equipment	Over 4 – 10 years

In accordance with FRS 15, freehold property is now depreciated. The impact of adopting this policy on the comparative period is to reduce profits by £3,200. In view of the immaterial effect of this, no prior period adjustment has been made.

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.

TURNBULL & ASSER LIMITED
ACCOUNTING POLICIES (continued)

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 a 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
52 WEEKS ENDED 27th JANUARY 2001

	2001	2000
	£000	£000
1		
TURNOVER is the amount receivable, excluding VAT, for goods and services supplied to customers in the following locations:		
United Kingdom	9,604	8,735
America	1,193	1,240
Continental Europe	662	523
Japan	112	157
Other	102	47
	<u>11,673</u>	<u>10,702</u>
	<u><u>11,673</u></u>	<u><u>10,702</u></u>
All operations are based in the United Kingdom.		
2		
OTHER OPERATING INCOME		
Royalty income	133	134
	<u>133</u>	<u>134</u>
3		
OPERATING PROFIT – is stated after charging/(crediting):		
Depreciation of tangible fixed assets	241	213
Profit on disposal of tangible fixed assets	(2)	-
Legal fees	(108)	-
Auditors' remuneration	24	23
Foreign exchange gain	(27)	(21)
Rentals paid under operating leases:		
• Land and buildings	458	449
• Plant and machinery	46	43
	<u>458</u>	<u>449</u>
	<u>46</u>	<u>43</u>
	<u><u>458</u></u>	<u><u>449</u></u>
	<u><u>46</u></u>	<u><u>43</u></u>
The audit fee for the parent company is £22,000. Included in legal fees is a non audit fee of £37,500 which was paid to PwC.		
4		
INTEREST		
Bank interest receivable	42	67
Other	(2)	-
	<u>40</u>	<u>67</u>
	<u><u>40</u></u>	<u><u>67</u></u>
5		
TAXATION		
UK Corporation tax on current year profits at 30%	383	470
Prior year over-accrual		(5)
	<u>383</u>	<u>465</u>
	<u><u>383</u></u>	<u><u>465</u></u>

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

	2001	2000
	£000	£000
6 DIVIDENDS		
ORDINARY SHARES OF US 0.001 CENTS		
Interim dividend of 11.76 cents (2000: 9.32 cents)	655	493
Interim dividend of 19.10 cents	-	990
ORDINARY SHARES OF £0.10 EACH		
Interim dividend of 0.08 pence (2000: 0.06 pence)	7	5
Interim dividend of 0.12 pence	-	10
	<u>662</u>	<u>1,498</u>
	<u>=====</u>	<u>=====</u>
7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES		
Staff costs:		
Wages and salaries	2,952	2,633
Social security costs	223	191
Other pension costs	202	172
	<u>3,377</u>	<u>2,996</u>
	<u>=====</u>	<u>=====</u>
	2001	2000
The average number of employees during the period was as follows:		
United Kingdom	<u>197</u>	<u>186</u>
	<u>=====</u>	<u>=====</u>
	2001	2000
	£000	£000
DIRECTORS' REMUNERATION & INTERESTS:		
Directors' remuneration:		
Emoluments excluding pension contributions	<u>262</u>	<u>273</u>
	<u>=====</u>	<u>=====</u>
Aggregate value of contributions paid to money purchase schemes	<u>3</u>	<u>3</u>
	<u>=====</u>	<u>=====</u>
Highest paid Director	<u>87</u>	<u>81</u>
	<u>=====</u>	<u>=====</u>

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2001	2000
NUMBER OF DIRECTORS TO WHOM RETIREMENT BENEFITS ARE ACCRUING UNDER:	Number	Number
Money purchase schemes	1	1
Defined benefit schemes	1	1
	<u>2</u>	<u>2</u>
	=====	=====

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.

The last formal actuarial valuation of the Group Pension Plan, as at 6th April 1999, was performed by qualified independent actuaries who are partners of Bacon & Woodrow, Consulting Actuaries. The valuation used the projected unit method, and adopted the following actuarial assumptions:

Investment return	7.5 per cent per annum compound
Pension increases	3.25 per cent per annum compound
General increase in pensionable earnings	5.0 per cent per annum compound
UK equity net dividend yield for asset valuation purposes	2.73 per cent per annum compound

The market value of assets (excluding AVCs) held within the Pension Plan as at 6 April 1999 was £180.7 million. At this date, the actuarial value was sufficient to cover 107.0% 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 service life of current employees of 15 years on a straight line basis. It is being used to allow the Company to contribute at the rate of 7.9% of members' salaries to 5th April 2001 and 10% of members' salaries from 6th April 2001 to 31st December 2003.

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The total surplus/(liability) determined at the valuation date has been allocated to the member companies by the Directors of Harrods Holdings Ltd (previously Harrods Holdings plc) on a basis that is consistent with that adopted in prior years.

The regular pension cost charged to the profit and loss account is based on figures calculated for all member companies as a whole. Any variation is spread over the average remaining working lives of employees who are members of the Plan.

The Company's pension charge for the year to 27th January 2001 is as follows:

	2001	2000
	£000	£000
Regular cost	134	125
Variation	68	47
Net pension charge	<u>202</u>	<u>172</u>
The pension prepayment/(liability) is as follows:		
Opening balance	58	105
Contributions paid	134	125
Charge to profit & loss account	<u>(202)</u>	<u>(172)</u>
Closing balance	<u>(10)</u>	<u>58</u>

The pension liability closing balance is included in creditors amounts falling due after more than one year.

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

8 TANGIBLE FIXED ASSETS

Group & Company:	Total	Freehold Property	Short Leasehold Properties	Fixtures Fittings & Equipment
	£000	£000	£000	£000
Opening cost or valuation	2,759	80	73	2,606
Additions	501	-	-	501
Disposals	(12)	-	-	(12)
Assets written off in period	(408)	-	(30)	(378)
Closing cost or valuation	<u>2,840</u>	<u>80</u>	<u>43</u>	<u>2,717</u>
	=====	=====	=====	=====
Opening aggregate depreciation	1,563	-	52	1,511
Charge for the period	241	1	5	235
Disposals	(12)	-	-	(12)
Assets written off in period	(408)	-	(30)	(378)
Closing aggregate depreciation	<u>1,384</u>	<u>1</u>	<u>27</u>	<u>1,356</u>
	=====	=====	=====	=====
Closing Net Book Value	<u>1,456</u>	<u>79</u>	<u>16</u>	<u>1,361</u>
	=====	=====	=====	=====
Opening Net Book Value	<u>1,196</u>	<u>80</u>	<u>21</u>	<u>1,095</u>
	=====	=====	=====	=====

The freehold property was valued by Healey & Baker, International Real Estate consultants, at 31st 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.

Assets written off in the year of £378,000 related mainly to fixtures and fittings. Turnbull & Asser no longer have the concession to which they related.

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

	2001 £000	2000 £000
9 FIXED ASSET INVESTMENTS		
Shares in Company undertakings:		
Opening Cost	31	289
Liquidation of Investments	-	(258)
Closing Cost	<u>31</u>	<u>31</u>
Opening provision	(19)	(250)
Decrease/(Increase) in provision	-	231
Closing provision	<u>(19)</u>	<u>(19)</u>
Closing net book value	<u>12</u>	<u>12</u>
Opening net book value	<u>12</u>	<u>39</u>

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

The Jermyn Street Shirtmakers Limited
The Jermyn Street Tie Company Limited (formerly Charles Hill Silks Management Limited)
Turnbull & Asser International Limited (formerly Charles Hill Silks Limited)

and in Canada:

Turnbull & Asser (Ontario) Limited

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.

	2001 £000	2000 £000
10 STOCKS		
Group and Company:		
Raw materials and consumables	724	765
Work in progress	281	213
Finished goods and goods for resale	1,476	1,339
	<u>2,481</u>	<u>2,317</u>

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
11 DEBTORS				
Amounts falling due within one year:				
Trade debtors	1,275	966	1,275	966
Amounts owed by group undertakings	-	-	11	11
Other debtors	41	64	41	64
Prepayments and accrued income	154	143	154	143
	<u>1,470</u>	<u>1,173</u>	<u>1,481</u>	<u>1,184</u>
Amount falling due after more than one year:				
Pension prepayment	-	58	-	58
	<u>1,470</u>	<u>1,231</u>	<u>1,481</u>	<u>1,242</u>

12 CREDITORS

Amounts falling due within one year:				
Trade creditors	278	253	278	253
Amounts owed to group undertakings	-	-	12	12
Other creditors	64	106	64	106
Taxation and social security	393	481	393	481
Accruals and deferred income	486	560	485	559
	<u>1,221</u>	<u>1,400</u>	<u>1,232</u>	<u>1,411</u>
Amounts falling due after more than one year:				
Pension	10	-	10	-
	<u>1,231</u>	<u>1,400</u>	<u>1,242</u>	<u>1,411</u>

	2001	2000
	£000	£000
13 DEFERRED TAXATION		

Group and Company:		
Provided in respect of capital allowances	20	20

In addition to the amount provided for deferred taxation, there are potential liabilities not provided for in respect of taxation deferred in relation to the revaluation of property	15	15
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TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

	2001 £	2000 £
14 CALLED UP SHARE CAPITAL		
Authorised:		
Non - Equity		
8.5 million Ordinary shares of US \$0.001 cents each	55	55
Equity		
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:		
Non - Equity		
8.5 million Ordinary shares of US \$0.001 cents each	55	55
Equity		
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.

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 27th JANUARY 2001

	Group	Company
	2001	2001
	£000	£000
15 PROFIT AND LOSS ACCOUNT		
Opening balance	3,662	3,663
Retained profit for the year	161	161
Closing balance	<u>3,823</u>	<u>3,824</u>
	<u>=====</u>	<u>=====</u>
-Equity	38	38
-Non Equity	3,785	3,786
	<u>3,823</u>	<u>3,824</u>
	<u>=====</u>	<u>=====</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 after taxation for the financial year was £0.823 million (2000: £1.051 million).

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Profit attributable to shareholders	823	1,051	823	1,052
Dividends	(662)	(1,498)	(662)	(1,498)
Net increase/(reduction) in shareholders' funds	<u>161</u>	<u>(447)</u>	<u>161</u>	<u>(446)</u>
Opening shareholders' funds	4,542	4,989	4,543	4,989
Closing shareholders' funds	<u>4,703</u>	<u>4,542</u>	<u>4,704</u>	<u>4,543</u>
SHAREHOLDERS' FUNDS				
-Equity	47	45	47	45
-Non Equity	4,656	4,497	4,657	4,498
	<u>4,703</u>	<u>4,542</u>	<u>4,704</u>	<u>4,543</u>

TURNBULL & ASSER LIMITED
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52 WEEKS ENDED 27th JANUARY 2001

17 LEASING COMMITMENTS

	2001	2000
	£000	£000
The Group and Company has the following annual operating commitments in respect of land and buildings:		
Within 1 year	22	5
From 1 to 5 years	284	283
After 5 years	198	198
	<u>504</u>	<u>486</u>
The leases are subject to rent review.		
Other assets – between 2 & 5 years	<u>54</u>	<u>45</u>

18 CAPITAL COMMITMENTS

Group and Company:		
Authorised and not contracted	<u>15</u>	<u>177</u>

19 CONTINGENT LIABILITY

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

The contingent liability of £105,000 plus indemnities 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. It is the opinion of the Directors that the claim is unlikely to be successful.

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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 £1.2 million for the year (2000: £1.2 million). A license fee income was obtained on sales resulting in other operating income of £0.11 million (2000: £0.11 million). At the year-end the amount owed to the Company by Turnbull & Asser LLC was £0.14 million (2000: £0.26 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 £1.4 million for the year (2000: £1.3 million). Charges for operating expenses amounted to £0.37 million (2000: £0.32 million) and fixed assets acquired amounted to £0.004 million (2000: £0.003 million). At the year end the net amount owed by these companies to the Company was £0.18 million (2000: £0.24 million).

During the year, operating expenses amounting to £0.2 million (2000: £0.2 million) were paid to Hyde Park Residence Ltd, a company in which Mr A. Fayed has a beneficial interest.

The ultimate controlling party of the Company is Mr A. Fayed.

21 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2001	2000
	£000	£000
Operating profit	1,166	1,449
Profit on disposal of tangible fixed assets	(2)	-
Pension variation	68	47
Depreciation charged	241	213
(Increase)/Decrease in stocks	(164)	127
Increase in debtors	(297)	(112)
(Decrease)/Increase in creditors	(85)	30
Net cash inflow from operating activities	<u>927</u>	<u>1,754</u>