

TURNBULL & ASSER LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH JANUARY 2000



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 29th January 2000.

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 IJ Luxton
Mr S Quin
Mr M Stearn

The following Director also held office during the year:

Mr P Cuss (retired 30th April 1999)

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 29th January 2000 and at 30th January 1999. 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 29th January 2000 or at 30th January 1999.

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 operating profit of 8% to £1.449 million.

The business maintained sales 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 29th January 2000 amounted to £1.516 million (1999: £1.441 million). The profit available for distribution increased 3.8% to £1.051 million (1999: £1.013 million). The Directors have paid an interim dividend of £1.498 million for the year (1999: £1.084 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.

YEAR 2000

A programme, designed to address the impact of the Year 2000 on the business, was commissioned by the Board during 1997. As a result of work performed, the Company successfully crossed the century boundary without experiencing any significant system problems. Although it is not possible for any company to guarantee that no Year 2000 problems will remain, the Directors do not anticipate that any significant issues will arise at future Year 2000 sensitive dates as the Company moves forward into the new century.

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

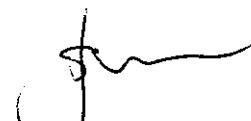
The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 4 to 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

5th May 2000

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 prepared under the historical cost convention, as modified by the revaluation of freehold property, and the accounting policies set out on page 7.

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.

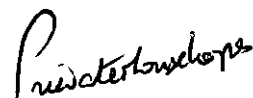
BASIS OF AUDIT OPINION

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 29th January 2000 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

5th May 2000

1 Embankment Place
London
WC2N 6NN

TURNBULL & ASSER LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29th JANUARY 2000

Note		2000 £000	1999 £000
	Gross Turnover	12,042	11,998
	Value Added Tax	(1,340)	(1,301)
1	TURNOVER	<u>10,702</u>	<u>10,697</u>
	Cost of Sales	(5,882)	(5,877)
	Gross Profit	<u>4,820</u>	<u>4,820</u>
	Distribution Costs	(173)	(173)
	Administrative Expenses	(3,332)	(3,472)
2	Other Operating Income	134	172
3	OPERATING PROFIT	<u>1,449</u>	<u>1,347</u>
4	Interest Receivable	67	94
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,516</u>	<u>1,441</u>
5	Taxation on Profit on Ordinary Activities	(465)	(428)
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>1,051</u>	<u>1,013</u>
6	Dividends Paid	(1,498)	(1,084)
15	Retained Loss for the financial year	<u>(447)</u>	<u>(71)</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.

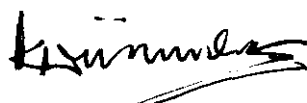
All profits in the period arose from continuing operations.

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

TURNBULL & ASSER LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 29th JANUARY 2000

Note		GROUP		COMPANY	
		2000 £000	1999 £000	2000 £000	1999 £000
	FIXED ASSETS				
8	Tangible assets	1,196	1,069	1,196	1,069
9	Investments	-	-	12	39
		<u>1,196</u>	<u>1,069</u>	<u>1,208</u>	<u>1,108</u>
	CURRENT ASSETS				
10	Stocks	2,317	2,444	2,317	2,444
11	Debtors due within one year	1,173	1,061	1,184	1,140
	Debtors due after more than one year	58	105	58	105
	Cash at bank and in hand	1,218	1,625	1,207	1,569
		<u>4,766</u>	<u>5,235</u>	<u>4,766</u>	<u>5,258</u>
	CREDITORS				
12	Amounts falling due within one year	(1,400)	(1,295)	(1,411)	(1,357)
	NET CURRENT ASSETS	<u>3,366</u>	<u>3,940</u>	<u>3,355</u>	<u>3,901</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,562</u>	<u>5,009</u>	<u>4,563</u>	<u>5,009</u>
	PROVISION FOR LIABILITIES AND CHARGES				
13	Deferred taxation	(20)	(20)	(20)	(20)
		<u>4,542</u>	<u>4,989</u>	<u>4,543</u>	<u>4,989</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	3,662	4,109	3,663	4,109
16	EQUITY SHAREHOLDERS' FUNDS	<u>4,542</u>	<u>4,989</u>	<u>4,543</u>	<u>4,989</u>

Approved by the Board on 5th May 2000



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 29th JANUARY 2000

Note		2000 £000	1999 £000
21	NET CASH INFLOW FROM OPERATING ACTIVITIES	1,754	1,783
	RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
	Bank interest received	67	94
	NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>67</u>	<u>94</u>
	TAXATION		
	Corporation tax paid	(259)	(90)
	Advanced corporation tax - paid	(125)	(271)
	- repaid	-	191
	Overseas tax paid	(6)	(5)
	TAXATION PAID	<u>(390)</u>	<u>(175)</u>
	CAPITAL EXPENDITURE		
	Purchase of tangible fixed assets	(340)	(338)
	Sale of tangible fixed assets	-	2
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(340)</u>	<u>(336)</u>
	EQUITY DIVIDENDS PAID	<u>(1,498)</u>	<u>(1,084)</u>
	(DECREASE)/INCREASE IN CASH IN THE PERIOD	<u><u>(407)</u></u>	<u><u>282</u></u>
	ANALYSIS OF CHANGES IN NET FUNDS:		
	NET FUNDS AT 30 JANUARY 1999	1,625	1,343
	NET FUNDS AT 29 JANUARY 2000	<u>1,218</u>	<u>1,625</u>
	(DECREASE)/INCREASE IN NET FUNDS	<u><u>(407)</u></u>	<u><u>282</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 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 year ended 29th January 2000.

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:

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

No depreciation is charged on freehold property.

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 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
YEAR ENDED 29th JANUARY 2000

	2000 £000	1999 £000
1	<p>TURNOVER is the amount receivable, excluding VAT, for goods and services supplied to customers in the following locations:</p>	
	United Kingdom	8,735
	America	1,240
	Continental Europe	523
	Japan	157
	Other	47
	<u>10,702</u>	<u>10,697</u>
	All operations are based in the United Kingdom.	
2	OTHER OPERATING INCOME	
	Royalty income	134
3	OPERATING PROFIT – is stated after charging/(crediting):	
	Depreciation of tangible fixed assets	213
	Profit on disposal of tangible fixed assets	-
	Auditors' remuneration	23
	Foreign exchange gain	(21)
	Rentals paid under operating leases:	
	• Land and buildings	449
	• Plant and machinery	43
	<u>465</u>	<u>428</u>
	The audit fee for the parent company is £22,500.	
4	INTEREST RECEIVABLE	
	Bank interest	67
5	TAXATION	
	UK Corporation tax on current year profits at 31%	470
	Prior year over-accrual	(5)
	<u>465</u>	<u>428</u>
6	DIVIDENDS	
	ORDINARY SHARES OF US 0.001 CENTS	
	Interim dividend of 9.32 cents	493
	Interim dividend of 19.10 cents (1999: 20.96 cents)	990
	ORDINARY SHARES OF £0.10 EACH	
	Interim dividend of 0.06 pence	5
	Interim dividend of 0.12 pence (1999: 0.13 pence)	10
	<u>1,498</u>	<u>1,084</u>

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

	2000	1999
	£000	£000
7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES		
Staff costs:		
Wages and salaries	2,633	2,718
Social security costs	191	208
Other pension costs	172	106
	<u>2,996</u>	<u>3,032</u>
	<u>=====</u>	<u>=====</u>
	2000	1999
The average number of employees during the period was as follows:		
United Kingdom	186	198
	<u>=====</u>	<u>=====</u>
	2000	1999
	£000	£000
DIRECTORS' REMUNERATION & INTERESTS:		
Directors' remuneration:		
Emoluments excluding pension contributions	273	297
	<u>=====</u>	<u>=====</u>
Aggregate value of contributions paid to money purchase schemes	3	2
	<u>=====</u>	<u>=====</u>
Highest paid Director	81	76
	<u>=====</u>	<u>=====</u>
	2000	1999
NUMBER OF DIRECTORS TO WHOM RETIREMENT BENEFITS ARE ACCRUING UNDER:	Number	Number
Money purchase schemes	1	1
Defined benefit schemes	1	2
	<u>2</u>	<u>3</u>
	<u>=====</u>	<u>=====</u>

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

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.

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

These assumptions have been altered since the previous valuation to reflect the current long term economic situation. This, combined with a reduction in the plan surplus since the 1996 valuation, has resulted in an increase to the pension charge.

The total surplus determined at the valuation date has been allocated to the member companies by the Directors of 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 29th January 2000 is as follows:

	2000	1999
	£000	£000
Regular cost	125	105
Variation	47	1
Net pension charge	<u>172</u>	<u>106</u>
The pension prepayment is as follows:		
Opening balance	105	106
Contributions paid	125	105
Charge to profit & loss account	<u>(172)</u>	<u>(106)</u>
Closing balance	<u>58</u>	<u>105</u>

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

The market value of assets (excluding AVCs) held within the Pension Plan as at 6th April 1999 was £180.7 million. At this date, the actuarial value was sufficient to cover 107% of the benefits that had accrued to members, after allowing for the expected future increases in earnings. The actuarial surplus 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.

8 TANGIBLE FIXED ASSETS

Group & Company:	Total	Freehold Property	Short Leasehold Properties	Fixtures Fittings & Equipment
	£000	£000	£000	£000
Opening cost or valuation	2,429	80	63	2,286
Additions	340	-	10	330
Disposals	(10)	-	-	(10)
Closing cost or valuation	<u>2,759</u>	<u>80</u>	<u>73</u>	<u>2,606</u>
	=====	=====	=====	=====
Opening aggregate depreciation	1,360	-	47	1,313
Charge for the period	213	-	5	208
Disposals	(10)	-	-	(10)
Closing aggregate depreciation	<u>1,563</u>	<u>-</u>	<u>52</u>	<u>1,511</u>
	=====	=====	=====	=====
Closing Net Book Value	<u>1,196</u>	<u>80</u>	<u>21</u>	<u>1,095</u>
	=====	=====	=====	=====
Opening Net Book Value	<u>1,069</u>	<u>80</u>	<u>16</u>	<u>973</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.

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

	2000 £000	1999 £000
9 FIXED ASSET INVESTMENTS		
Shares in Company undertakings:		
Opening Cost	289	289
Liquidation of Investments	(258)	-
Closing Cost	<u>31</u>	<u>289</u>
Opening provision	(250)	(240)
Decrease/(Increase) in provision	231	(10)
Closing provision	<u>(19)</u>	<u>(250)</u>
Closing net book value	<u>12</u>	<u>39</u>
Opening net book value	<u>39</u>	<u>49</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)
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.

The movement in fixed asset investments reflects the liquidation during the year of the following companies:

Turnbull & Asser Management Limited
James Drew Limited
DTSG Limited
Airmont Limited.

	2000 £000	1999 £000
10 STOCKS		
Group and Company:		
Raw materials and consumables	765	859
Work in progress	213	349
Finished goods and goods for resale	1,339	1,236
	<u>2,317</u>	<u>2,444</u>

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
11 DEBTORS				
Amounts falling due within one year:				
Trade debtors	966	872	966	872
Amounts owed by group undertakings	-	-	11	79
Other debtors	64	73	64	73
Prepayments and accrued income	143	116	143	116
	<u>1,173</u>	<u>1,061</u>	<u>1,184</u>	<u>1,140</u>
Amount falling due after more than one year:				
Pension prepayment	58	105	58	105
	<u>1,231</u>	<u>1,166</u>	<u>1,242</u>	<u>1,245</u>

12 CREDITORS

Amounts falling due within one year:				
Trade creditors	253	266	253	266
Amounts owed to group undertakings	-	-	12	63
Other creditors	106	162	106	161
Taxation and social security	481	413	481	413
Accruals and deferred income	560	454	559	454
	<u>1,400</u>	<u>1,295</u>	<u>1,411</u>	<u>1,357</u>

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
YEAR ENDED 29th JANUARY 2000

	2000 £	1999 £
14 CALLED UP SHARE CAPITAL		
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>
Alotted 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 2000 £000	Company 2000 £000
15 PROFIT AND LOSS ACCOUNT		
Opening balance	4,109	4,109
Retained loss for the year	(447)	(446)
Closing balance	<u>3,662</u>	<u>3,663</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 £1,051,570 (1999: £1,013,178).

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Profit attributable to shareholders	1,051	1,013	1,052	1,013
Dividends	(1,498)	(1,084)	(1,498)	(1,079)
Net reduction in shareholders' funds	(447)	(71)	(446)	(66)
Opening shareholders' funds	4,989	5,060	4,989	5,055
Closing shareholders' funds	4,542	4,989	4,543	4,989

17 LEASING COMMITMENTS

	2000	1999
	£000	£000
The Group and Company has the following annual operating commitments in respect of land and buildings:		
Within 1 year	5	5
Within 2 to 5 years	283	283
After 5 years	198	177
	486	465

The leases are subject to rent review.

Other assets -- between 2 & 5 years	45	26
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18 CAPITAL COMMITMENTS

Group and Company:		
Authorised and not contracted	177	205

19 CONTINGENT LIABILITY

Group and Company:		
Legal dispute	105	105

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.

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 29th JANUARY 2000

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 (1999: £0.6 million). A license fee income was obtained on sales resulting in other operating income of £0.11 million (1999: £0.13 million). At the year-end the amount owed to the Company by Turnbull & Asser LLC was £0.26 million (1999: £0.15 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 £1.3 million for the year (1999: £0.99 million). Charges for operating expenses amounted to £0.32 million (1999: £0.33 million) and fixed assets acquired amounted to £0.003 million (1999: £0.01 million). At the year end the net amount owed by these companies to the Company was £0.24 million (1999: £0.14 million).

During the year, operating expenses amounting to £0.2 million (1999: £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

	2000 £000	1999 £000
Operating profit	1,449	1,347
Profit on disposal of tangible fixed assets	-	(2)
Pension variation	47	1
Depreciation charged	213	209
Decrease/(Increase) in stocks	127	(58)
(Increase)/Decrease in debtors	(112)	329
Increase/(Decrease) in creditors	30	(43)
Net cash inflow from operating activities	<u>1,754</u>	<u>1,783</u>

TURNBULL & ASSER INTERNATIONAL LIMITED
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FOR THE YEAR ENDED 29th JANUARY 2000

5 PARENT UNDERTAKINGS

Turnbull & Asser Ltd., a company registered in England and Wales, is the parent undertaking of both the smallest and the largest Group which consolidates the results of the Company.

In due course the financial statements of Turnbull & Asser will be filed with the Registrar of Companies.

6 SUPPORT FROM PARENT COMPANY

Turnbull & Asser Limited has informed the Company that is its present intention to provide financial support for the Company when required.