

**HARRODS (CONTINENTAL) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**53 WEEKS ENDED 2 FEBRUARY 2002**



**Registered number: 0156158**

# HARRODS (CONTINENTAL) LIMITED

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# **HARRODS (CONTINENTAL) LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of the Company for the 53 weeks ended 2 February 2002.

### **Principal Activity**

The Company acts as an agent for the delivery of consumer goods to European Community Member States.

### **Directors and Their Interests**

The present Directors of the Company are:

S Jerman  
W C Najdecki  
A Tanna

No Director in office at 2 February 2002 held any beneficial interest in the shares of Harrods Holdings Limited or any of its subsidiaries at 28 January 2001, or at 2 February 2002.

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.

### **Results and Review of the Business**

The profit after taxation for the 53 weeks ended 2 February 2002 amounted to £17,819 (2001: loss £38,583). The Directors do not propose the payment of a dividend (2001: £nil).

The Directors are addressing the pricing and costing structures of the Company to improve profitability.

### **Elective Resolutions**

On 23 January 2002, the Company passed Elective Resolutions dispensing with the holding of Annual General Meetings; the laying of accounts in general meetings and the annual appointment of auditors, in accordance with Sections 366A, 252 and 386 (all as amended) of the Companies Act 1985, respectively.

### **Auditors**

Grant Thornton were appointed auditors on 23 January 2002 to fill a casual vacancy in accordance with Section 388(1) of the Companies Act 1985.

# HARRODS (CONTINENTAL) LIMITED

## DIRECTORS' REPORT (Continued)


### Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare Financial statements for each financial year that 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. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently, as explained on page 6 under note 1 'Accounting policies.' They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 2 February 2002 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

By Order of the Board



S. Jerman  
Secretary  
26 June 2002

Registered Office  
87 -135 Brompton Road  
Knightsbridge  
London  
SW1X 7XL

**HARRODS (CONTINENTAL) LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE MEMBERS OF HARRODS (CONTINENTAL) LIMITED**

We have audited the financial statements of Harrods (Continental) Limited for the period ended 2 February 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and notes 1 to 10 on pages 6 and 7. These financial statements have been prepared under the accounting policies set out therein.

**Respective Responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the Directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 1985. 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 with the Company is not disclosed.

We read other information contained in the Directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


**Basis of Opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered 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 the Company's affairs as at 2 February 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**  
London  
26 June 2002

**HARRODS (CONTINENTAL) LIMITED****PROFIT AND LOSS ACCOUNT  
53 WEEKS ENDED 2 FEBRUARY 2002**

Notes		<b>53 Weeks</b>	<b>52 Weeks</b>
		<b>2/2/02</b>	<b>27/1/01</b>
		<b>£</b>	<b>£</b>
<b>2</b>	<b>Turnover</b>	241,496	158,787
	Cost of sales	<u>(214,704)</u>	<u>(213,905)</u>
	Gross Profit /(Loss)	26,792	(55,118)
	Administrative Expenses	<u>(2,000)</u>	<u>-</u>
<b>3</b>	<b>Operating Profit /(Loss) on ordinary activities before taxation</b>	24,792	(55,118)
<b>4</b>	<b>Taxation</b>	<u>(6,973)</u>	<u>16,535</u>
	<b>Profit/(Loss) after taxation, retained and transferred from reserves</b>	<u>17,819</u>	<u>(38,583)</u>

The Company has no 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 difference between the loss on ordinary activities before taxation and the retained loss for the years stated above, and their historical cost equivalents.

The movements in reserves are shown in Note 8.

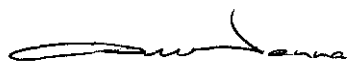
The notes on pages 6 and 7 form part of these accounts.

**HARRODS (CONTINENTAL) LIMITED****BALANCE SHEET  
AT 2 FEBRUARY 2002**

Note		2/2/02	27/1/01
		£	£
	<b>Current Assets</b>		
6	Debtors	130,305	85,290
	<b>Creditors</b>		
	Amounts falling due within one year:		
	Taxation and social security	(27,411)	(215)
	<b>Net Assets</b>	102,894	85,075
	<b>Capital and Reserves</b>		
7	Called up share capital	100,000	100,000
8	Profit and loss account	2,894	(14,925)
9	<b>Equity Shareholders' Funds</b>	102,894	85,075

The notes on pages 6 and 7 form part of these accounts.

Approved by the Board 26 June 2002.



A Tanna  
DIRECTOR

# HARRODS (CONTINENTAL) LIMITED

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

#### Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention and comply with applicable accounting standards.

The Company has adopted FRS18 "Accounting Policies" in respect of these accounts. This has not resulted in any changes to the Company's accounting policies, which have been reviewed in light of FRS18.

### 2 Turnover

Turnover represents agency fees from the delivery of consumer goods to European Community Member States and arises entirely within the United Kingdom.

### 3 Operating Profit/ (Loss)

The auditors remuneration is borne by the Company's parent undertaking.

	2/2/02 £	27/1/01 £
4 Taxation		
Taxation (charge)/credit based on loss for the year:		
Group relief	-	16,535
Current year tax liability	(7,438)	-
Prior year adjustment	465	-
	<u>(6,973)</u>	<u>16,535</u>

### 5 Information regarding Directors and Employees

No emoluments were paid to the Directors of the Company during the year (2001 - £nil).

The Company did not employ any persons or incur any staff costs during the year (2001 - £nil).

### 6 Debtors

Amounts owed by group undertakings	130,305	68,755
Other debtors	-	16,535
	<u>130,305</u>	<u>85,290</u>

### 7 Share Capital

Authorised, allotted and fully paid

100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
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### 8 Reserves

#### Profit and loss account

Balance at 27 January 2001	(14,925)	23,658
Retained Profit/(loss) for the year	17,819	(38,583)
Balance at 2 February 2002	<u>2,894</u>	<u>(14,925)</u>



**HARRODS (CONTINENTAL) LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**

	2/2/02 £	27/1/01 £
<b>9 Reconciliation of Movements in Shareholders' Funds</b>		
Loss for the financial year	17,819	(38,583)
Opening shareholders' funds	<u>85,075</u>	<u>123,658</u>
Closing shareholders' funds	<u>102,894</u>	<u>85,075</u>

**10 Parent Undertakings**

The Company's immediate parent undertaking is Harrods Limited, a company registered in England and Wales. The ultimate UK parent undertaking of Harrods Limited is Harrods Holdings Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Holdings Limited and the smallest such group of undertakings, including the Company is headed by Harrods Limited. The group accounts will be filed with the Registrar of Companies in due course.

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.

The Company is a wholly owned subsidiary of Harrods Holdings Limited and, as permitted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other entities in the Harrods Holdings Group are not disclosed.