HARRODS (CONTINENTAL) LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENTS 52 WEEKS ENDED 29 JANUARY 2000



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Registered number: 0156158

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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 52 weeks ended 29 January 2000.

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 (appointed 1 July 1999) A Tanna (appointed 16 November 1999)

The other Directors who served during the year were:

C P de Boer (resigned 30 June 1999) J G Hawkins (resigned 16 November 1999)

In accordance with the Articles of Association A Tanna will retire, and being eligible, will seek re-election at the forthcoming Annual General Meeting.

No Director in office at 29 January 2000 held any beneficial interest in the shares of Harrods Holdings Limited (formerly Harrods Holdings plc) or any of its subsidiaries at 31 January 1999, at date of appointment or at 29 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.

Results and Review of the Business

The loss after taxation for the 52 weeks ended 29 January 2000 amounted to £18,264 (1999: loss £45,311). The Directors do not propose the payment of a dividend (1999: £nil).

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

Auditors

PricewaterhouseCoopers have expressed their 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.

DIRECTORS' REPORT (Continued)

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 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 7 on a going concern basis and consider that the Company has 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 keeps 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.

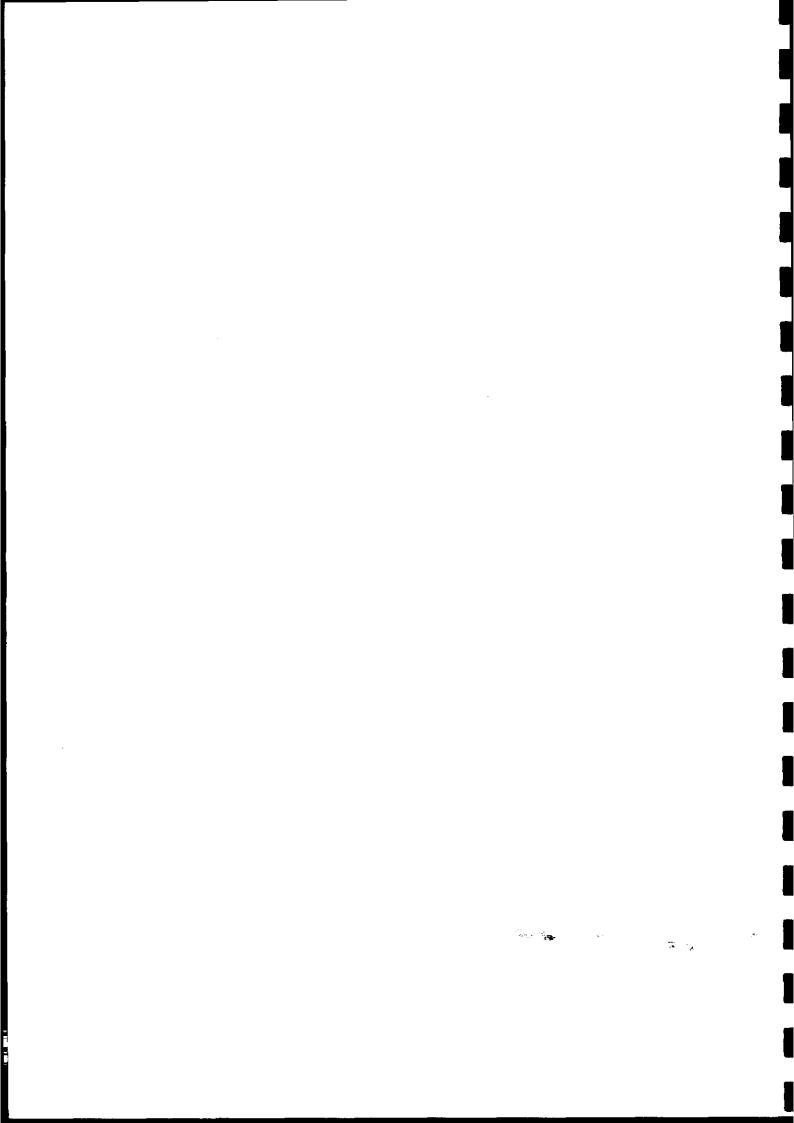
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board

S Jerman Secretary

2 May 2000

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



AUDITORS' REPORT TO THE MEMBERS OF HARRODS (CONTINENTAL) LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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.

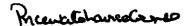
Basis of Audit Opinion

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 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 29 January 2000 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place, London WC2N 6NN
2 May 2000

PROFIT AND LOSS ACCOUNT 52 WEEKS ENDED 29 JANUARY 2000

		52 Weeks 29/1/00 £	52 Weeks 30/1/99 £
Notes	3	-	
2	Turnover	176,648	138,999
	Cost of sales	(201,312)	(206,055)
3	Operating loss	(24,664)	(67,056)
4	Interest Receivable	<u>-</u>	745
	Loss on ordinary activities before taxation	(24,664)	(66,311)
5	Taxation	6,400	21,000
	Loss after taxation, retained and transferred from reserves	(18,264)	(45,311)

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 9.

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

BALANCE SHEET AT 29 JANUARY 2000

		29/1/00 £	30/1/99 £
Note			
	Current Assets		
7	Debtors	123,658	155,043
	Creditors		
	Amounts falling due within one year:		
	Taxation and social security	<u>-</u>	(13,121)
	Net Assets	123,658	141,922
	Capital and Reserves		
8	Called up share capital	100,000	100,000
9	Profit and loss account	23,658	41,922
10	Equity Shareholders' Funds	123,658	141,922

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

Approved by the Board on 2 May 2000.

A Tanna

DIRECTOR

HARRODS (CONTINENTAL) LIMITED NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of Financial Statements:

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

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 Loss

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

4 Interest Receivable

	29/1/00	30/1/99
	£	£
Amounts received from third parties:	-	745
Taxation		
Taxation credit based on loss for the year:		
Group relief	7,400	21,000
Prior year items	(1,000)	-
	6,400	21,000

6 Information regarding Directors and Employees

No emoluments were paid to the Directors of the Company during the year, (1999 - £nil).

The Company did not employ any persons or incur any staff costs during the year, (1999 - £nil).

7 Debtors

5

Amounts owed by group undertakings	112,998	134,043
Other debtors	10,660	21,000
	123,658	155,043

8 Share Capital

Authorised, allotted and fully paid

100,000 ordinary shares of £1 each	100,000	100,000

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

9 Reserves	29/1/00 £	30/1/99 £
Profit and loss account		
Balance at 30 January 1999 Retained loss for the year	41,922 (18,264)	87,233 (45,311)
Balance at 29 January 2000	23,658	41,922
10 Reconciliation of Movements in Shareholders'	Funds	
Loss for the financial year	(18,264)	(45,311)
Opening shareholders' funds	141,922	187,233
Closing shareholders' funds	123,658	141,922

11 Parent Undertakings

The Company's immediate parent undertaking is Harrods Limited. The ultimate UK holding company of Harrods Limited is Harrods Holdings Limited (formerly Harrods Holdings plc), which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and the largest group which consolidates the results of the Company. 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 (formerly Harrods Holdings plc) and, as permitted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other entities in the Harrods Holdings Group are not disclosed.