

HARRODS (MANAGEMENT) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
52 WEEKS ENDED 30 JANUARY 1999

Registered number: 676534



HARRODS (MANAGEMENT) LIMITED

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HARRODS (MANAGEMENT) LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the 52 weeks ended 30 January 1999.

Principal Activity

The Company did not trade or conduct any other activities during the 52 weeks ended 30 January 1999. No changes are expected in the immediate future.

Directors and their Interests

The present Directors of the Company are:

B F Ames
R L Assanand
C P de Boer
M S Briggs (appointed 1.9.98)
X M Carr-Griffiths
G E Christophers (appointed 20.2.98)
P Crofton
J M Griffiths
J G Hawkins
J P Healy (appointed 1.9.98)
C H Kirby
J L Macnamara
A Maeder
G Marshall
W C Najdecki (appointed 17.11.98)
D E Norman (appointed 29.10.98)
A Pitcher
M Rogers
A K Wiles
P E Willasey (appointed 20.2.98)
M F V Zingraff (appointed 15.3.99)

Other Directors who served during the year were:

I Bogdaneris (appointed 14.10.98, ceased 9.4.99)
B Smith (resigned 23.4.98)
R Fossati (resigned 23.5.98)
J M Giantomenico (resigned 23.10.98)
G Janetzky (resigned (20.10.98)
M E Zipp (resigned 15.04.99)

In accordance with the Articles of Association, R.L. Assanand, C.P. de Boer, X.M. Carr-Griffiths, P. Crofton, A.K. Wiles, M.S. Briggs, J.P. Healy, D.E. Norman, W.C. Najdecki and M F V Zingraff will retire, and being eligible, will seek re-election at the forthcoming Annual General Meeting.

HARRODS (MANAGEMENT) LIMITED

DIRECTORS' REPORT (Continued)

Directors and their Interests (Continued)

No Director in office at 30 January 1999 held any beneficial interest in the shares of Harrods Holdings plc or any of its subsidiaries at 1 February 1998, at date of appointment or at 30 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.

Auditors

Following the merger of Price Waterhouse and Coopers and Lybrand on 1 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 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 and 5 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 Jorman
Secretary
19 April 1999

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

HARRODS (MANAGEMENT) LIMITED

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

We have audited the financial statements on pages 4 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report including as described on page 2, the 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 of 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 30 January 1999 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place, London, WC2N 6NN
19 April 1999

HARRODS (MANAGEMENT) LIMITED

BALANCE SHEET

AT 30 JANUARY 1999

Note	30/1/99 £	31/1/98 £
Current Assets		
Debtors:		
Amounts due from group undertakings	52	52
Total assets	<u>52</u>	<u>52</u>
 Capital and Reserves		
 3 Called up share capital	<u>52</u>	<u>52</u>
Equity shareholders' funds	<u>52</u>	<u>52</u>

A profit and loss account has not been produced as the Company did not trade during the financial year or the preceding financial year making neither a profit nor a loss.

The notes on page 5 form part of these accounts.

Approved by the Board on 19 April 1999.



J G Hawkins
DIRECTOR

HARRODS (MANAGEMENT) LIMITED

NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of Financial Statements

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

2 Information regarding Directors and Employees

No emoluments were paid to Directors of the Company during the year (1997/98 - £nil).

The Company did not employ any persons or incur any staff costs during the year (1997/98 - £nil).

3 Share Capital	30/1/99 £	31/1/98 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid:		
52 ordinary shares of £1 each	<u>52</u>	<u>52</u>

4 Parent Undertakings

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