

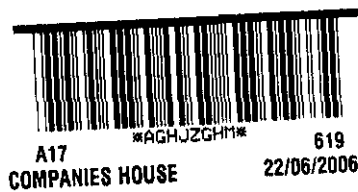
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Kurt Geiger Limited

Report and Financial Statements

Period Ended

28 January 2006



BDO Stoy Hayward
Chartered Accountants

Kurt Geiger Limited

Annual report and financial statements for the period ended 28 January 2006

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Directors

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Directors

Mr N C Clifford
Ms R E Farrar-Hockley
Ms B P Foley
Mr D N Christilaw

Secretary and registered office

Mr D N Christilaw, 75 Bermondsey Street, London, SE1 3XF

Company number

00968046

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Kurt Geiger Limited

Report of the directors for the period ended 28 January 2006

The directors present their report together with the audited financial statements for the period ended 28 January 2006.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the period.

Turnover for the period increased by 4.4% from £89,798,000 to £93,736,000. Further sales increases are expected to improve the profitability of the company over the next 12 months.

There was a profit for the period after taxation amounting to £4,701,000 (2005 - £3,297,000). The directors do not recommend the payment of a final dividend. An amount of £4,701,000 (2005 - £3,297,000) has been transferred to reserves.

An interim dividend of £1,000,000 (2004 - £Nil) was paid during the period.

Principal activity

The principal activity of the company is the design, distribution and retailing of high quality branded shoes and accessories through free-standing shops and concessions within upmarket department stores.

Charitable and political donations

The charitable donations made and charged in the financial statements amounted to £6,000 (2005 - £2,000).

Directors

The directors of the company during the period together were as follows:

Mr N C Clifford	
Ms R E Farrar-Hockley	
Ms B P Foley	
Mr D N Christilaw	
Mr R J Fallowfield	(resigned 4 July 2005)
Mr J G Hawkins	(resigned 4 July 2005)
Mr D J Wilkinson	(resigned 23 January 2006)

None of the directors in office during the period held any beneficial interest in the shares of Kurt Geiger Limited or any of its subsidiaries. Their interests in the share capital of the ultimate parent company, Kurt Geiger Holdings Limited, are shown in that company's financial statements.

Disabled persons

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

Kurt Geiger Limited

Report of the directors for the period ended 28 January 2006 (Continued)

Employee involvement

Information is provided regularly to employees by means of normal management communication channels using written material and face-to-face meetings.

A general awareness of the company's performance is maintained through regular-weekly company bulletins and through individual performance appraisals, employees are made aware of their individual contribution to the company.

The environment

The company has continued to adopt policies and procedures, which takes 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.

Policy on payment of creditors

It is the company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period which 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Kurt Geiger Limited

Report of the directors for the period ended 28 January 2006 (*Continued*)

Auditors

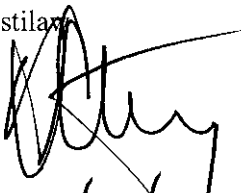
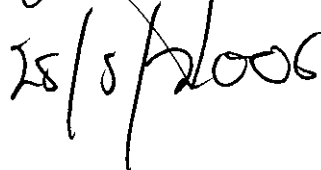
During the year Grant Thornton UK LLP resigned as auditors of the company and PriceWaterhouseCoopers LLP were appointed as auditors of the company by the directors. During the year PriceWaterhouseCoopers LLP resigned as auditors of the company and BDO Stoy Hayward LLP were appointed as auditors of the company by the directors. BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Mr D N Christilaw

Secretary

Date

Kurt Geiger Limited

Report of the independent auditors

To the shareholders of Kurt Geiger Limited

We have audited the financial statements of Kurt Geiger Limited for the period ended 28 January 2006, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Kurt Geiger Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 January 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date *28/5/2006*

Kurt Geiger Limited**Profit and loss account for the period ended 28 January 2006**

	Note	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
Turnover	2	93,736	89,798
Cost of sales		(43,626)	(42,196)
Gross profit		50,110	47,602
Distribution costs		(38,375)	(35,454)
Administrative expenses			
Administrative expenses - other		(6,034)	(7,325)
Pension costs – defined benefit scheme		(269)	-
Total administrative expenses		(6,303)	(7,325)
Operating profit	5	5,432	4,823
Interest receivable		120	29
Interest payable and similar charges	6	(7)	(93)
Profit on ordinary activities before taxation		5,545	4,759
Tax on profit on ordinary activities	7	(844)	(1,462)
Profit on ordinary activities after taxation		4,701	3,297

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the period.

The notes on pages 8 to 21 form part of these financial statements.

Kurt Geiger Limited**Balance sheet at 28 January 2006**

	Note	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Fixed assets					
Tangible assets	9		4,204		4,125
Investments	10		13		307
			<hr/>		<hr/>
			4,217		4,432
Current assets					
Stocks	11	16,970		12,997	
Debtors	12	6,910		7,243	
Cash at bank and in hand		4,691		5,035	
		<hr/>		<hr/>	
		28,571		25,275	
Creditors: amounts falling due within one year	14	(11,212)		(11,525)	
		<hr/>		<hr/>	
Net current assets			17,359		13,750
			<hr/>		<hr/>
Total assets less current liabilities			21,576		18,182
Creditors: amounts falling due after more than one year	15		-		(307)
			<hr/>		<hr/>
			21,576		17,875
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		770		770
Profit and loss account	17		20,806		17,105
			<hr/>		<hr/>
Shareholders' funds - equity			21,576		17,875
			<hr/>		<hr/>

The financial statements were approved by the Board and authorised for issue on 25/5/2006

Mr D N Christilaw
Director

The notes on pages 8 to 21 form part of these financial statements.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

Consolidated financial statements have not been prepared, as permitted by section 228 of the Companies Act 1985 as the company's ultimate parent, Kurt Geiger Holdings Limited, is incorporated in Great Britain and prepares group financial statements. These financial statements contain information about Kurt Geiger Ltd as an individual group company and do not contain consolidated financial information as the parent of a group.

Kurt Geiger Limited is a wholly owned subsidiary of Kurt Geiger Holdings Limited, a company incorporated in the United Kingdom, which produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (FRS 1) revised 1996. Consequently the company has taken advantage of the exemption in FRS 1 revised 1996, from producing a cash flow statement in these financial statements.

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with other group companies, on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements prepared by the group.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts and includes the sale through concession departments.

Fixed asset investments

Investments held as fixed assets are stated at cost less any provision required for a permanent impairment in value.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold	- period of lease
Fixtures, fittings, vehicles and equipment	- 3 to 5 years

Stocks

Stock is stated at the lower of cost and estimated net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

1 Accounting policies (Continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Retirement benefit schemes

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting year.

1 Accounting policies (Continued)

Defined benefit scheme

The company was a member of the Harrods Holdings Group Pension Plan under which retirement benefits were funded by contributions from the company and employees. Payment was made to the pension trust, which was separate from the company and the Harrods Holdings Group, in accordance with calculations made periodically by consulting actuaries.

The company is now a member of the Kurt Geiger Group Personal pension scheme under which retirement benefits are funded by contributions from the company and employees. Payment is made to the pension scheme, which is separate from the company and the Kurt Geiger Holdings Group, in accordance with calculations made periodically by consulting actuaries.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members.

The company has taken advantage of the transitional provisions of FRS 'Retirement Benefits'. Accordingly the pensions charge has been calculated under the existing policy which is in accordance with SSAP 24 'Pension Costs' and disclosure has been made of the assets and liabilities of the scheme under FRS 17.

Financial instruments

The company uses derivative financial instruments, primarily to manage exposures to fluctuations in foreign currency exchange rates and interest rates.

Forward exchange contracts and swap agreements, used to manage currency fluctuations on group borrowings denominated in foreign currency, are valued at closing rates of exchange. The resulting gains or losses are offset against the foreign exchange gains or losses on the related borrowings.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)

2 Turnover

The turnover is wholly attributable to the principal activity of the company, being the design, distribution and retailing of women's and men's luxury footwear and accessories and arises solely within the United Kingdom.

3 Employees

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
Staff costs consist of:		
Wages and salaries	13,592	12,887
Social security costs	1,102	1,014
Other pension costs	621	389
	<u>15,315</u>	<u>14,290</u>

Included within other pension costs is an amount of £269,000 relating to the final payment for the Harrods Holdings Group Pension Plan.

The average number of employees, including directors, during the period was:

	Number	Number
Branch staff	818	769
Head office staff	89	89
	<u>907</u>	<u>858</u>

4 Directors

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
Directors' remuneration consists of:		
Emoluments	1,057	946
Compensation for loss of office	88	78
Contributions made under Pension Schemes	50	40
	<u>1,195</u>	<u>1,064</u>

During the period, 3 directors (2005 - Nil) participated in the defined contribution scheme and no directors participated in the defined benefit pension schemes (2005 - 6).

Kurt Geiger Limited**Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)****4 Directors (Continued)**

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
Highest paid director		
Emoluments	430	378
Pension contributions to defined benefit pension schemes	12	7
	<hr/>	<hr/>
	442	385
	<hr/>	<hr/>

At 28 January 2006 the highest paid director's accrued pension was £12,323 (2005 - £3,394).

5 Operating profit

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
This has been arrived at after charging/(crediting):		
Depreciation	1,828	1,683
Loss on disposal of fixed assets	77	-
Foreign exchange gains	(506)	(437)
Impairment provisions	294	-
Hire of plant and machinery - operating leases	85	78
Rent of land and buildings - operating leases	1,778	1,298
Auditors' remuneration – audit services	45	40
– non-audit services	27	-
	<hr/>	<hr/>

6 Interest payable and similar charges

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
Interest payable on loan from parent undertaking	7	93
	<hr/>	<hr/>

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006 (*Continued*)

7 Taxation on profit from ordinary activities

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
<i>Current tax</i>		
Corporation tax	1,067	-
Group relief	-	1,449
Foreign tax	11	14
	<hr/>	<hr/>
Total current tax	1,078	1,463
	<hr/>	<hr/>
<i>Deferred tax</i>		
Accelerated capital allowances	(271)	(31)
Origination and reversal of timing differences	37	30
	<hr/>	<hr/>
Total deferred tax	(234)	(1)
	<hr/>	<hr/>
Total tax charge for the period	844	1,462
	<hr/>	<hr/>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks ended 28 January 2006 £'000	52 weeks ended 29 January 2005 £'000
Profit on ordinary activities before tax	5,545	4,759
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	1,664	1,428
Effects of:		
Expenses not deductible for tax purposes	(73)	22
Depreciation in excess of capital allowances	77	43
Other timing differences	(7)	-
Group relief claimed	(583)	-
Income and expenses assessed/relieved on a cash basis	-	(30)
	<hr/>	<hr/>
Current tax charge for period	1,078	1,463
	<hr/>	<hr/>

Kurt Geiger Limited**Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)****8 Dividends**

A dividend of £1,000,000 was paid to the Harrods Group during the period (2005 - £Nil).

9 Tangible assets

	Fixtures, fittings, vehicles and equipment £'000	Short leaseholds £'000	Total £'000
<i>Cost or valuation</i>			
At 29 January 2005	14,720	101	14,821
Additions	1,988	-	1,988
Disposals	(359)	-	(359)
	<hr/>	<hr/>	<hr/>
At 28 January 2006	16,349	101	16,450
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 29 January 2005	10,626	70	10,696
Provided for the period	1,818	10	1,828
Disposals	(278)		(278)
	<hr/>	<hr/>	<hr/>
At 28 January 2006	12,166	80	12,246
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 January 2006	4,183	21	4,204
	<hr/>	<hr/>	<hr/>
At 29 January 2005	4,094	31	4,125
	<hr/>	<hr/>	<hr/>

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)

10 Fixed asset investments	£'000
Shares in subsidiary undertakings:	
Shares at cost at 29 January 2005	307
Provision for impairment in the period	(294)
	<hr/>
At 28 January 2006	13
	<hr/>

The company has the following wholly owned subsidiary undertakings.

Name of company	Class of share capital held	Proportion held	Incorporated	Nature of business
Kurt Geiger Shoes Limited	Ordinary	100%	UK	Non-trading
Carvela Limited	Ordinary	100%	UK	Non-trading
Shoeaholics Limited	Ordinary	100%	UK	Non-trading
Kurt Geiger France SAS	Ordinary	100%	France	Trading

11 Stocks	2006 £'000	2005 £'000
Goods held for resale	16,970	12,997
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

12 Debtors	2006 £'000	2005 £'000
Trade debtors	4,269	3,563
Amounts owed by other group undertakings	833	2,708
Other debtors	308	195
Prepayments and accrued income	898	409
Deferred tax asset (note 13)	602	368
	<hr/>	<hr/>
	6,910	7,243
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are interest free, unsecured and have no fixed date of repayment.

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006 (*Continued*)

13 Deferred tax asset

The deferred tax recognised in the financial statements is set out below.

	2006 £'000	2005 £'000
Balance at 29 January 2005	368	367
Provided in the period	234	1
	<hr/>	<hr/>
Balance at 28 January 2006	602	368
	<hr/>	<hr/>
<i>Deferred taxation</i>		
	2006 £'000	2005 £'000
Accelerated capital allowances	514	243
Sundry timing differences	88	125
	<hr/>	<hr/>
	602	368
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	4,982	5,525
Amounts owed to other group undertakings	1,842	1,463
Corporation tax	588	-
Taxation and social security	1,958	1,609
Accruals and deferred income	1,842	2,928
	<hr/>	<hr/>
	11,212	11,525
	<hr/>	<hr/>

Kurt Geiger Limited**Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)****15 Creditors: amounts falling due after more than one year**

	2006 £'000	2005 £'000
Amounts due to subsidiary undertakings	-	307

16 Share capital

	2006 £'000	2005 £'000
<i>Authorised</i> (2005 - 9,000,000) ordinary shares of 10p each	900	900
<i>Allotted, called up and fully paid</i> (2005 - 7,700,000) ordinary shares of 10p each	770	770

17 Profit and loss account

	2006 £'000	2005 £'000
At 29 January 2005	17,105	13,808
Profit after taxation for period	4,701	3,297
Dividends (note 8)	(1,000)	-
At 28 January 2006	20,806	17,105

18 Capital commitments

	2006 £'000	2005 £'000
Contracted but not provided for	1,052	1,242

Kurt Geiger Limited**Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)****19 Commitments under operating leases**

The company has annual commitments under operating leases as follows:

	2006	2006	2005	2005
	Land and	Other	Land and	Other
	buildings	£'000	buildings	£'000
	£'000		£'000	
Operating leases which expire:				
Within one year	-	46	-	62
In two to five years	-	38	-	-
Over five years	1,781	-	1,606	-
	<u>1,781</u>	<u>84</u>	<u>1,606</u>	<u>62</u>

20 Reconciliation of movements in shareholders' funds

	2006	2005
	£'000	£'000
Profit for the financial period	4,701	3,297
Dividends	(1,000)	-
Shareholders' funds at 29 January 2005	17,875	14,578
	<u>21,576</u>	<u>17,875</u>

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006 (Continued)

21 Contingent liabilities

The Kurt Geiger Holdings Group's working capital facility from Lloyds TSB PLC is guaranteed by Kurt Geiger Limited and other group companies.

The company did not participate in derivative financial instruments during the period except in respect of the following:

The company entered into 'currency options', solely to manage its foreign exchange exposure to the Euro and the USD. These contracts relate to the trading activities of the company.

Through its hedging activities the company seeks to minimise the risk that eventual cash flows required to settle related liabilities will be affected by changes in exchange rate.

The unprovided exposure on outstanding contracts of each period end was as follows:

	2006 £'000	2005 £'000
Forward exchange cylinder options	-	535
Forward exchange currency swap	-	3,202
Average rate option	-	1,149
	<hr/>	<hr/>
	-	4,886
	<hr/>	<hr/>

22 Pensions

Pension Schemes Operated

During the period, within the United Kingdom, the company participated in three schemes:

Kurt Geiger Group Personal Pension Scheme

The Kurt Geiger Group Personal Pension Scheme is an approved defined contribution scheme and was established with Scottish Equitable on 4 July 2005.

Harrods Holdings Stakeholder Scheme

The Harrods Holdings Stakeholder Scheme, which is an approved defined contribution scheme, was established with Scottish Equitable on 1 May 2002. The scheme was closed to employees on 4 July 2005.

22 Pensions (Continued)

Harrods Holdings Group Pension Plan

The Harrods Holdings Group Pension Plan, is an approved defined benefit scheme. Membership of this Plan was no longer available to new employees on the staff scale, who joined the group on or after 1 May 2002, during the first five years of employment. Those employees were eligible to join the Harrods Holdings Stakeholder Scheme and could then elect to transfer to the Harrods Holdings Group Pension Plan after five years' continuous service. Those employees commencing on the management scale were eligible to apply for either the Harrods Holdings Stakeholder Scheme or the Harrods Holdings Group Pension Plan. The scheme was closed to employees on 4 July 2005.

The group paid such contributions to the above Schemes and Plan as required in order to fund benefits for the members and pensioners. The assets from the Schemes and Plan are held in trust separately from the Kurt Geiger Holdings Group.

Regular Pensions costs under FRS 17

Defined contribution pension schemes

The pension cost under the Kurt Geiger Group Personal Pension Scheme amounted to £124,000. A pension accrual of £12,000 is included in the balance sheet in relation to this scheme.

The pension cost under the Harrods Holdings Stakeholder Scheme amounted to £Nil (2004: £10,215). A pension accrual of £nil (2005: £nil) is included in the balance sheet in relation to this scheme.

Defined benefit pension scheme

The pension cost under the Harrods Holdings Group Pension Plan amounted to £497,000 (2004: £534,000). A pension accrual of £nil (2005: £313,000) is included in the balance sheet in relation to this scheme.

Following the sale of the business on 4 July 2005, the actuary of the Harrods Holdings Group Pension Plan calculated the liability arising on Kurt Geiger Limited under section 75 of the Pensions Act 1995 as a result of the company ceasing to participate in the plan from 4 July 2005. The actuary determined that the proportion of the deficit pertaining to that part of the plan which relates to Kurt Geiger Limited is £581,820. A final payment during the period of £581,820 was made and the company has no further liability in relation to the Harrods Holdings Group Pension Plan.

23 Related party transactions

Until 4 July 2005, the company was a wholly owned subsidiary of Harrods Holdings Limited and, as permitted by Financial Reporting Standard No 8 "Related party disclosures" transactions with other entities in the Harrods Holdings Group are not disclosed for this period. The company conducted business with Fulham Football Club (1987) Limited, which is outside the Harrods Holdings Group but was a related party. This is because both are under the control of the group's ultimate controlling party. The company leased a car of which Fulham Football Club (1987) Limited pays a proportion of all costs in respect of this car amounting to £120 (2005: £103).

Kurt Geiger Limited

Notes forming part of the financial statements for the period ended 28 January 2006 (*Continued*)

24 Ultimate parent company

The company's immediate parent undertaking is Kurt Geiger Acquisition Limited. Kurt Geiger Acquisition Limited's immediate parent undertaking is Kurt Geiger Finance Limited. The ultimate parent undertaking of Kurt Geiger Finance Limited is Kurt Geiger Holdings Limited, which is the parent undertaking, which is both the parent of the smallest and largest group which consolidates the results of the company. The group financial statements will be filed with the Registrar of Companies in due course.