

KURT GEIGER LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
53 WEEKS ENDED 2 FEBRUARY 2002**



A15
COMPANIES HOUSE

A22LXGSH

0789
26/11/02

Registered Number: 968046

KURT GEIGER LIMITED

CONTENTS

Directors' Report	1
<hr/>	
Auditors' Report	4
<hr/>	
Profit and Loss Account	6
<hr/>	
Balance Sheet	7
<hr/>	
Notes to the Financial Statements	8
<hr/>	

KURT GEIGER LIMITED

DIRECTORS' REPORT

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

Principal Activity

The principal activity of the Company is the retailing of high quality branded shoes and accessories through free standing shops and from concessions within upmarket department stores.

Directors and their Interests

The present Directors of the Company are:

C P De Boer	M S Wikstrom	(appointed 1 April 2001)
N C Clifford	M R Rigelman	(appointed 16 May 2001)
R J Fallowfield	S J Andrews	(appointed 1 June 2001)
C P Mardon	B P Foley	(appointed 4 Feb 2002)

The following Directors also held office during the year:

J G Hawkins (resigned 30 March 2001)
N B Blow (resigned 11 Feb 2002)

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

No Director in office during the period held any beneficial interest in the shares of Harrods Holdings Limited or any of its subsidiaries at 28 January 2001 (or date of appointment if later) and 2 February 2002.

No Director has had a material interest, directly or indirectly at any time during the period in any contract significant to the business.

Results and Dividends

The Company's Profit after Tax for the 53 weeks ended 2 February 2002 amounted to a profit of £1,352,000 (2001: £1,162,000 loss). No dividend has been paid or proposed during the period (2001: £Nil). An amount of £1,352,000 has been transferred to reserves (2001: transferred from reserves £1,162,000).

Review of the Business

Turnover, including VAT, for the period increased by 10.1% from £79,051,000 to £87,057,000. The Profit after Tax of the company improved due to both increased turnover and improved gross margins experienced during the year. Further sales increases are expected to improve the profitability of the company over the next 12 months.

KURT GEIGER LIMITED

DIRECTORS' REPORT (Continued)

Charitable and Political Donations

The charitable donations made and charged in the accounts amounted to £2,281 (2001: £2,092). No political contributions were made (2001: £Nil).

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.

Employee Involvement

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

The Harrods Group Pension Plan has two member trustees amongst its trustee board. There is also a committee of staff and management representatives who are kept informed of the administration, performance and development of the Plan. Written information about the Plan is regularly circulated to both current and potential members.

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 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.

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. The Company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers.

KURT GEIGER LIMITED

DIRECTORS' REPORT (Continued)

Directors Responsibilities for the financial statements

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

The Directors have prepared the financial statements on pages 6 to 19 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 proper 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.

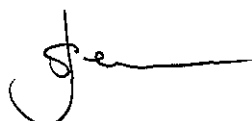
Elective Resolutions

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.

By order of the Board



S JERMAN
Secretary

Date 26th June 2002

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

KURT GEIGER LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KURT GEIGER LIMITED

We have audited the financial statements of Kurt Geiger 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 24 on pages 6 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the 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.

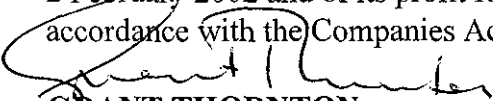
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

KURT GEIGER LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KURT GEIGER LIMITED (Continued)**

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
26th June 2002**

KURT GEIGER LIMITED
PROFIT AND LOSS ACCOUNT
53 WEEKS ENDED 2 FEBRUARY 2002

Note	53 weeks 02/02/02 £'000	Restated 52 weeks 27/01/01 £'000
Gross Turnover	87,057	79,051
Value Added Tax	<u>(12,515)</u>	<u>(11,271)</u>
2 Turnover	74,542	67,780
Cost of sales	<u>(35,660)</u>	<u>(36,091)</u>
Gross Profit	38,882	31,689
Distribution and store costs	(30,367)	(27,158)
Administrative expenses	(6,878)	(5,645)
3 Other operating income	<u>158</u>	<u>207</u>
4 Operating Profit / (Loss)	1,795	(907)
5 Exceptional items	<u>627</u>	<u>-</u>
Profit / (Loss) before Interest and Taxation	2,422	(907)
6 Net interest payable	<u>(703)</u>	<u>(774)</u>
Profit / (Loss) on Ordinary Activities Before Taxation	1,719	(1,681)
7 Taxation	<u>(367)</u>	<u>519</u>
Profit / (Loss) on Ordinary Activities After Taxation	<u>1,352</u>	<u>(1,162)</u>
19 Transfer to / (from) Reserves	<u><u>1,352</u></u>	<u><u>(1,162)</u></u>

All profit in the period arose from continuing operations.

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 profit on ordinary activities before taxation and the retained profit for the year stated above, and the historical cost equivalents.

A statement of movements on reserves is shown in Note 20.

The notes on pages 8 to 19 form part of these financial statements.

KURT GEIGER LIMITED

BALANCE SHEET AT 2 FEBRUARY 2002

Note		02/02/02 £'000	Restated 27/01/01 £'000
	Fixed Assets		
12	Tangible assets	3,882	3,250
13	Investments	307	307
		<u>4,189</u>	<u>3,557</u>
	Current Assets		
14	Stocks	12,645	9,135
15	Debtors	5,901	4,788
17	Deferred taxation	228	164
	Cash at bank and in hand	3,270	5,620
		<u>22,044</u>	<u>19,707</u>
	Creditors		
16	Amounts falling due within one year	(18,596)	(16,979)
	Net Current Assets	<u>3,448</u>	<u>2,728</u>
	Total Assets less Current Liabilities	<u>7,637</u>	<u>6,285</u>
	Creditors		
16	Amounts falling due after more than one year	(307)	(307)
	Net assets	<u><u>7,330</u></u>	<u><u>5,978</u></u>
	Capital and Reserves		
18	Called up share capital	770	770
19	Profit and loss account	6,560	5,208
20	Total Shareholders' Funds	<u><u>7,330</u></u>	<u><u>5,978</u></u>

Approved by the Board on 26th June 2002



C P Mardon
Director

The notes on pages 8 to 19 form part of these financial statements.

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

Basis of Financial Statements

The financial statements have been prepared under the historical cost convention and comply with applicable accounting standards. Consolidated accounts have not been prepared, as permitted by Section 228 of the Companies Act 1985.

Kurt Geiger Limited is a wholly owned subsidiary of Harrods Holdings Limited 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.

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with other group companies (Note 24).

The Company has adopted 'FRS 18 - 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 FRS 18.

These financial statements comply with the new standard 'FRS 17 - Retirement Benefits'. The Company has adopted the transitional arrangements set out in Paragraph 94 of the standard. Accordingly, the pension charge has been calculated in accordance with SSAP 24, and, as in previous years corresponds to the contributions paid by the company during the period.

Change of Accounting Policy

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. This change in accounting policy arises from the implementation of 'Financial Reporting Standard 19 - Deferred Tax'. Accordingly, the change in policy has been dealt with as a prior period adjustment, (See note 19) and comparatives have been restated.

Turnover

Turnover is the amount receivable, excluding VAT, for goods and services supplied to customers and includes the sales through concession departments.

Stock

Stock is stated at the lower of cost and estimated net realisable value.

Tangible Fixed Assets

All fixed assets are stated at cost.

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Accounting Policies (Continued)

Fixed Asset Investments

The Company accounts for its investments in subsidiaries at cost less any provision required for a permanent impairment in value.

Depreciation of Tangible Fixed Assets

Depreciation is provided by the Company in order to write down to estimated residual value if any, the cost or valuation of tangible fixed assets over their useful lives by equal annual instalments, on the following bases:

Short Leasehold	Period of Lease
Fixtures, fittings, vehicles and equipment	3 to 5 years
HO Communications / Infrastructure	10 years

Leased Assets

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease terms. Rent free periods as inducements to enter into operating lease agreements are released to the profit and loss account over the period to the next rent review.

Deferred Taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign Currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or contracted rates where applicable. Transactions denominated in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 Accounting Policies (Continued)

Pensions

Retirement benefits are funded by contributions from the Company and employees. Payment is made to a Group pension scheme, which is 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 cost of providing pensions over the average remaining service lives of employees in the Scheme.

Actuarial valuations are normally performed every three years and actuarial surpluses and deficits are amortised over the expected remaining service lives of current scheme employees. Differences between the amounts funded and the amounts charged to the profit & loss account are treated as either provisions or prepayments in the balance sheet.

2 Turnover

In the opinion of the Directors, the Company conducts only one class of business in one significant geographical area being the United Kingdom. Any further segmental analysis of this information would be immaterial.

3 Other operating income

	53 weeks 02/02/02 £'000	52 weeks 27/01/01 £'000
Insurance proceeds on loss of profit	-	8
Non-trading rental income	158	199
	<u>158</u>	<u>207</u>

4 Operating Profit

	53 weeks 02/02/02 £'000	52 weeks 27/01/01 £'000
Operating profit is stated after charging / (crediting):		
Depreciation on tangible fixed assets	1,455	1,291
Losses on disposal of fixed assets	15	218
Auditors' remuneration:		
Audit fees and expenses	28	33
Foreign exchange gain	(1,215)	(867)
Amounts paid under operating leases:		
Property	1,455	1,094
	<u>1,455</u>	<u>1,094</u>

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5	Exceptional items	53 weeks	52 weeks
		02/02/02	27/01/01
		£'000	£'000
	Premium received due to the surrender of Lease	825	-
	Expenses relating to the disposal of Branches	(198)	-
		<u>627</u>	<u>-</u>

One off net operating income was received for surrendering the Sloane St Lease. One off expenses were incurred, due to the closure of 3 branches, specifically, Sloane St, Brent Cross and Kingston.

6	Net interest payable	53 weeks	52 weeks
		02/02/02	27/01/01
		£'000	£'000
	Interest payable on loan from parent undertaking	713	789
	Interest receivable from third parties	(10)	(15)
		<u>703</u>	<u>774</u>

7	Taxation	53 weeks	Restated 52 weeks
		02/02/02	27/01/01
		£'000	£'000
	Taxation based on the profits of the period:		
	UK corporation tax at 30% (2001: 30%) on profits for the year	-	-
	Group relief	(421)	335
	Adjustment in respect of prior years	1	-
	Foreign tax	(11)	-
	Total Current Tax for the Period	<u>(431)</u>	<u>335</u>

Deferred tax

Origination and reversal of timing differences	64	184
Total deferred tax	<u>64</u>	<u>184</u>
Total tax charge for the period	<u>(367)</u>	<u>519</u>

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Taxation (Continued)

The deferred tax charge has been increased as a result of the following timing differences.

	53 weeks 02/02/02 £'000	Restated 52 weeks 27/01/01 £'000
Deferred Tax		
Accelerated capital allowances	13	174
Pension Accrual	51	10
Total Deferred Tax Charge	<u>64</u>	<u>184</u>

Factors affecting the tax charge for the year

Taxable Profit / (Loss) before tax for the year	<u>1,719</u>	<u>(1,681)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001:30%)	(516)	504

Effects of

Income/Expenses not chargeable/deductible for tax purposes	(19)	(36)
Adjustment in respect of prior years	1	-
Foreign tax	(11)	3
Capital allowances for the period lower than depreciation	(18)	(18)
Deferred Tax on Pension Accrual	(50)	(42)
Utilisation of tax losses	(2)	-
Accounting loss/(profit) on asset disposals	184	(76)
Current tax charge for period	<u>(431)</u>	<u>335</u>

8 Dividends

No dividends were paid or proposed during the period (2001: £Nil).

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9	Information regarding Directors and Employees	53 weeks	52 Weeks
		02/02/02	27/01/01
		£'000	£'000
	Aggregate emoluments excluding pension contributions	<u>839</u>	<u>439</u>
	Emoluments of highest paid Director	221	169
	Defined benefit scheme:		
	Accrued pension at end of year	<u>1</u>	<u>2</u>

There are 4 Directors to whom retirement benefits are accruing under a defined benefit pension scheme (2001: 3).

10	Staff costs	53 weeks	52 Weeks
		02/02/02	27/01/01
		£'000	£'000
	Wages and Salaries	11,032	10,109
	Social Security Costs	818	723
	Other Pension Costs (note 11)	<u>546</u>	<u>494</u>
		<u>12,396</u>	<u>11,326</u>

The average number of employees during the year was 881 (2001: 888). The average number of branch staff was 793 (2001: 807) and the average number of Head Office staff was 88 (2001: 81)

11 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 Group pays 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 the Group. The regular pension cost charged to the profit and loss account is based on figures calculated for the Group as a whole which are such as to spread the expected pension costs over the average remaining working lives of employees who are members of the Plan. The regular cost is expressed as a level percentage of the current and expected future earnings using the projected unit method of calculation, having adopted the following actuarial assumptions:

Investment return	7.5 per cent per annum compound
Pension Increases	3.0 per cent per annum compound
General increase in pensionable earnings	5.0 per cent per annum compound
UK equity dividend growth for asset valuation purposes	2.73 per cent per annum compound

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Pensions (Continued)

The total surplus for the Group Pension Plan as at 2 February 2002 has been determined by qualified independent actuaries who are partners of Bacon & Woodrow, Consulting Actuaries. This total surplus has been allocated to the companies within the Group by the Directors of Harrods Holdings Limited on a basis that is consistent with that adopted in prior years.

Surpluses or deficiencies and associated interest are spread over the same average period as an adjustment to regular cost.

The Company's net pension charge for the 53 weeks to 2 February 2002 was £546,000 (2001: £494,000).

	02/02/02 £'000	27/01/01 £'000
The pension prepayment is as follows:		
Opening balance	(34)	140
Contributions paid	422	320
Charge to profit and loss account	(546)	(494)
Closing balance	<u>(158)</u>	<u>(34)</u>

The market value of assets held within the Pension Plan as at 6 April 1999 was £180.7 million. At this date, the actuarial value was sufficient to cover 107.0% of the benefits that had accrued to members, after allowing for the expected future increases in earnings. The actuarial surplus is being spread over the estimated remaining service life of current employees over 15 years on a straight line basis.

SSAP 24 and Financial Reporting Standard 17

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of Financial Reporting Standard No 17 (Retired Benefits) additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by Financial Reporting Standard No 17. are contained within the financial statements of Harrods Holdings Limited.

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Tangible Fixed Assets

	Total £'000	Short Leaseholds £'000	Fixtures & Fittings Vehicles & Equipment £'000
Cost:			
At 27 January 2001	9,169	157	9,012
Additions	2,197	-	2,197
Disposals	(415)	(56)	(359)
At 2 February 2002	<u>10,951</u>	<u>101</u>	<u>10,850</u>
Accumulated depreciation:			
At 27 January 2001	(5,919)	(44)	(5,875)
Charge for year	(1,455)	(15)	(1,440)
Disposals	305	19	286
At 2 February 2002	<u>(7,069)</u>	<u>(40)</u>	<u>(7,029)</u>
Net book value:			
At 2 February 2002	<u>3,882</u>	<u>61</u>	<u>3,821</u>
At 27 January 2001	<u>3,250</u>	<u>113</u>	<u>3,137</u>

13 Fixed Assets Investments

Shares in subsidiary undertakings:	£'000
Shares at cost at 2 February 2002 and at 27 January 2001	883
Provision for impairment at 2 February 2002 and at 27 January 2001	(576)
Net book value at 2 February 2002 and at 27 January 2001	<u>307</u>

The Company has the following wholly owned non-trading subsidiary undertakings, all of which are registered in the United Kingdom.

Name of Company	Class of Share Capital held	Proportion Held	Nature of Business
Kurt Geiger Shoes Limited	Ordinary	100%	Non-trading
Carvela Limited	Ordinary	100%	Non-trading
Shoeaholics Limited	Ordinary	100%	Non-trading

The shares in Harrods Leisure Holdings Ltd (formally Adesso Limited) were transferred to Harrods (UK) Limited on 6 July 2001.

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Stocks

Stocks in the Balance Sheet are valued at the lower of cost or estimated net realisable value. Stocks at both balance sheet dates represent finished goods for resale. There were no significant differences between the replacement cost of stocks at 2 February 2002 and the amount at which they are stated in the financial statements.

15 Debtors

	02/02/02	Restated
	£'000	27/01/01
		£'000
Amounts due within one year:		
Trade debtors	3,395	2,156
Amounts owed by group undertakings	1,986	1,670
Group Relief Receivable	-	335
Other debtors	245	112
Prepayments and accrued income	275	515
	<u>5,901</u>	<u>4,788</u>

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

16 Creditors

	02/02/02	Restated
	£'000	27/01/01
		£'000
Amounts due within one year:		
Trade creditors	3,068	514
Amounts due to parent undertaking	12,000	14,000
Group Relief Payable	421	-
Taxation and social security	1,414	1,211
Accruals and deferred income	1,693	1,254
	<u>18,596</u>	<u>16,979</u>

Amounts due after more than one year:

Amounts due to subsidiary undertakings	<u>307</u>	<u>307</u>
--	------------	------------

Amounts due to the parent undertaking are unsecured and repayable on demand. The interest rate charged on the outstanding balance due to Harrods (UK) Limited during the year was 7.41%.

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17	Deferred tax	02/02/02	Restated
		£'000	27/01/01 £'000
	At the beginning of the period	164	(20)
	Released in the period	64	184
	As at the end of the period	<u>228</u>	<u>164</u>
	Depreciation in advance of Capital Allowances	167	154
	Other timing differences	61	10
		<u>228</u>	<u>164</u>
18	Called Up Share Capital	02/02/02	27/01/01
		£'000	£'000
	Authorised:		
	9,000,000 (2001: 9,000,000) ordinary shares of 10 pence each	<u>900</u>	<u>900</u>
	Allotted and fully paid:		
	7,700,000 (2001: 7,700,000) ordinary shares of 10 pence each	<u>770</u>	<u>770</u>

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Profit and Loss Account

	02/02/02 £'000	Restated 27/01/01 £'000
Balance at 27 January 2001 (originally stated)	5,024	6,370
Prior year adjustment (note 1)	184	-
Balance at 27 January 2001 (restated)	<u>5,208</u>	<u>6,370</u>
Profit / (Loss) in the period (originally stated)	1,352	(1,346)
Prior year adjustment (note 1)	-	184
Profit in the period (restated)	<u>1,352</u>	<u>(1,162)</u>
Balance at 2 February 2002	<u>6,560</u>	<u>5,208</u>

20 Reconciliation of Movement in Shareholders' Funds

	02/02/02 £'000	Restated 27/01/01 £'000
Profit / (Loss) on ordinary activities after taxation	1,352	(1,162)
Opening shareholders' funds	5,978	7,140
Closing shareholders' funds	<u>7,330</u>	<u>5,978</u>

21 Commitments

	02/02/02 £'000	27/01/01 £'000
Capital expenditure contracted but not provided:	<u>687</u>	<u>1,279</u>

The Company has commitments to make payments in the subsequent financial period in respect of operating leases of land and buildings and plant and equipment, as follows:

	02/02/02 £'000	Restated 27/01/01 £'000
Land & Buildings leases expiring:		
Over five years	<u>974</u>	<u>1,616</u>
Plant and Equipment leases expiring:		
Less than one year	10	10
Between two and five years	<u>35</u>	<u>60</u>
	<u>45</u>	<u>70</u>

In addition to the above the Company has certain commitments under concession agreements amounting to £7,113,409 (2001: £6,240,640).

KURT GEIGER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 Contingent Liabilities

The Harrods Holdings Group's working capital facility from Royal Bank of Scotland Plc, is guaranteed by Kurt Geiger Limited and other Group companies.

The Company did not participate in derivative financial instruments during the year except in respect of the following. The Company entered into forward exchange "knock-in" options and forward exchange "Accumulating Forward" options all maturing within twelve months, solely to manage its foreign exchange exposure to the Euro. 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 rates.

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

	02/02/02 £'000	27/01/01 £'000
Forward exchange options	-	11,150
Forward exchange "Knock in" options	9,814	-
Forward exchange "Accumulating Forward" options	4,300	-
Total	<u>14,114</u>	<u>11,150</u>

23 Parent Undertakings

The Company's immediate parent undertaking is Harrods (UK) Limited. The immediate parent undertaking of Harrods (UK) Limited is Harrods Holdings Limited, which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and 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.

24 Related Party Transactions

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. The company conducts business with Fulham Football Club (1987) Ltd, which is outside the Harrods Holdings Group but a related party. The company leases a car of which Fulham Football Club (1987) Ltd pays a proportion of all costs in respect of this car. The balance owing from Fulham Football Club (1987) Ltd was £443 at 2 February 2002.

KURT GEIGER LIMITED

FIVE YEAR RECORD

	52 weeks 31/01/98 £'000	52 weeks 30/01/99 £'000	52 weeks 29/01/00 £'000	52 weeks 27/01/01 £'000	53 weeks 02/02/02 £'000
Gross Turnover	80,425	76,609	73,635	79,051	87,057
Value Added Tax	<u>(11,583)</u>	<u>(11,022)</u>	<u>(10,563)</u>	<u>(11,271)</u>	<u>(12,515)</u>
Net Turnover	68,842	65,587	63,072	67,780	74,542
Cost of sales	<u>(34,837)</u>	<u>(33,298)</u>	<u>(32,105)</u>	<u>(36,091)</u>	<u>(35,660)</u>
Gross Profit	34,005	32,289	30,967	31,689	38,882
Operating Expenses	<u>(30,838)</u>	<u>(31,227)</u>	<u>(30,747)</u>	<u>(32,803)</u>	<u>(37,245)</u>
Operating Profit / (Loss)	3,167	1,062	220	(1,114)	1,637
Other Income	34	77	205	207	158
Exceptional items	-	-	-	-	627
Net Interest Payable	<u>(1,144)</u>	<u>(1,154)</u>	<u>(814)</u>	<u>(774)</u>	<u>(703)</u>
Profit / (Loss) on Ordinary Activities before Taxation	2,057	(15)	(389)	(1,681)	1,719
Taxation	<u>(586)</u>	<u>(37)</u>	<u>(22)</u>	<u>519</u>	<u>(367)</u>
Profit / (Loss) on Ordinary Activities after Taxation	1,471	(52)	(411)	(1,162)	1,352
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transferred to/(from) Reserves	<u>1,471</u>	<u>(52)</u>	<u>(411)</u>	<u>(1,162)</u>	<u>1,352</u>