

Company Number: 1703446

GENAVCO HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

52 WEEKS ENDED 30 JANUARY 1999



**GENAVCO HOLDINGS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE 52 WEEKS ENDED 30 JANUARY 1999**

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GENAVCO HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE 52 WEEKS ENDED 30 JANUARY 1999**

The Directors have pleasure in submitting their report and the audited accounts of the Company for the 52 weeks ended 30 January 1999.

DIRECTORS

The present Directors of the Company are:-

Mr. P.K. Winstone (Managing)
Mr. M.J. McClymont
Mr. D Meur - appointed 10th November 1998

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

PRINCIPAL ACTIVITY

Throughout the period under review, the Company acted as the holding company for its insurance broking subsidiary, Genavco Insurance Limited, a company registered in England and Wales

RESULTS & DIVIDENDS

The profit after tax for the 52 weeks to 30 January 1999 was £163,000 (1998: £110,000).

A dividend has been paid for the period to 30 January 1999 amounting to £163,000 (1998 £110,000).

DIRECTORS' INTERESTS

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 31 January 1998 or 30 January 1999.

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

GENAVCO HOLDINGS LIMITED

**DIRECTORS' REPORT (continued)
FOR THE 52 WEEKS ENDED 30 JANUARY 1999**

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

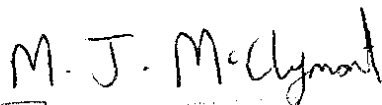
The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 4 to 9 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 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



M J McClymont
Company Secretary
12 April 1999

Registered Office

Bankside House
107-112 Leadenhall Street
London EC3A 4AF

**AUDITORS' REPORT
TO THE MEMBERS OF GENAVCO HOLDINGS LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 6.

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


PricewaterhouseCoopers

Chartered Accountants
and Registered Auditors

Embankment Place
London

12 April 1999

GENAVCO HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
52 Weeks to 30 January 1999

		52 Weeks to 30/1/99 £	52 Weeks to 31/1/98 £
Note			
2	OPERATING PROFIT		-
	Income from shares in group undertakings	<u>163,000</u>	<u>110,000</u>
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	163,000	110,000
	Taxation	<u>-</u>	<u>-</u>
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	163,000	110,000
	Dividends	<u>163,000</u>	<u>110,000</u>
	RETAINED RESULT FOR THE PERIOD	<u>-</u>	<u>-</u>

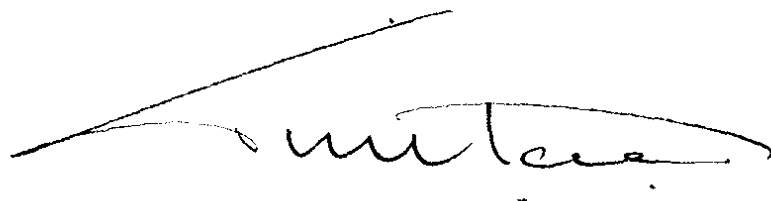
The movements on reserves are shown in Note 6.

The Company has no recognised gains and losses other than those included in the profits above, therefore no separate statement of total recognised gains and losses has been presented.

GENAVCO HOLDINGS LIMITED
BALANCE SHEET
As at 30 January 1999

		30 January 1999 £	31 January 1998 £
Note			
	FIXED ASSETS		
3	Investments	<u>100,000</u>	<u>100,000</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>100,000</u></u>	<u><u>100,000</u></u>
	CAPITAL AND RESERVES		
4	Called up share capital	100,000	100,000
5	Profit and loss account	<u>-</u>	<u>-</u>
	TOTAL SHAREHOLDERS' FUNDS	<u><u>100,000</u></u>	<u><u>100,000</u></u>

Approved by the Board on 12 April 1999



P.K. Winstone

MANAGING DIRECTOR

GENAVCO HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
52 WEEKS ENDED 30 JANUARY 1999

1. ACCOUNTING POLICIES

(a) Basis of accounts

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

Consolidated accounts for Genavco Holdings Limited, incorporating its wholly owned subsidiary Genavco Insurance Limited, have not been prepared as permitted by Section 228 of the Companies Act 1985.

(b) Cash Flow Statement

The ultimate United Kingdom holding company Harrods Holdings plc, produces a consolidated Cash Flow Statement in accordance with Financial Reporting Standard One (FRS 1 revised 1996). Consequently the Company has taken advantage of the exemption in FRS 1 from producing a Cash Flow Statement.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No Director received any emoluments in respect of his services to the Company (1998 - £nil).

The Directors received a total of £214,579 in remuneration from the subsidiary, Genavco Insurance Limited, in respect of their services to that company (1998 £177,978).

There were no employees during the year (1998 - none)

GENAVCO HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (continued)
52 WEEKS ENDED 30 JANUARY 1999

	1999 £	1998 £
3. FIXED ASSET INVESTMENTS		
Investment in subsidiary; 500,000 shares (100%) at cost in Genavco Insurance Limited.	<u>100,000</u>	<u>100,000</u>
4. CALLED UP SHARE CAPITAL		
Authorised, issued and fully paid:		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	52 Weeks to 30/1/99	52 Weeks to 31/1/98
5. PROFIT AND LOSS ACCOUNT	£	£
At 31 January 1998	-	-
Retained profit for period	<u>-</u>	<u>-</u>
Balance at 30 January 1999	<u>-</u>	<u>-</u>
6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the financial year	163,000	110,000
Dividends	<u>(163,000)</u>	<u>(110,000)</u>
Net addition to shareholders' funds	-	-
Opening shareholders' funds	<u>100,000</u>	<u>100,000</u>
Closing shareholders' funds	<u>100,000</u>	<u>100,000</u>
7. CONTINGENT LIABILITIES		
The Harrods Holdings plc group's working capital facility from Midland Bank plc is guaranteed by Genavco Holdings Limited and other group companies.		

GENAVCO HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (continued)
52 WEEKS ENDED 30 JANUARY 1999

8. YEAR 2000

A Group-wide programme, designed to address the impact of the Year 2000 on the business, was commissioned by the Group Board during 1997 and is now well under way. Resources have been allocated and the Board receives regular reports on progress.

Although it is not possible for any organisation to guarantee that no Year 2000 problems will remain, a significant risk analysis was performed to determine the impact of the issue on all Group activities. From this, prioritised action plans were developed, designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority was given to those systems that could cause a significant financial or legal impact on the Company's business if they were to fail. The plan also included a requirement for the testing of systems changes, involving the participation of users.

All of the mission-critical business systems have now been addressed, with adequate repair or replace solutions determined, tested and, in most cases, implemented.

Furthermore, detailed contingency plans are being developed to assist the business overcome any unforeseen difficulties or issues at the Century boundary.

The risk analysis also considered the impact on the business of Year 2000 related failures by significant suppliers, computer bureaux and customers. In appropriate cases formal communication with other parties has occurred.

Much of the cost of implementing the action plans will be absorbed into the recurring activities of the departments involved.

9. EMU

A Group-wide programme, designed to address the impact of EMU on the business was commissioned by the Group Board during 1998.

10. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is Harrods (UK) plc, a company registered in England and Wales. The immediate parent undertaking of Harrods (UK) plc is Harrods Holdings plc, a company registered in England and Wales 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.

GENAVCO HOLDINGS LIMITED
NOTES TO THE ACCOUNTS (continued)
52 WEEKS ENDED 30 JANUARY 1999

10. PARENT UNDERTAKINGS (continued)

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.