

**DTSI LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**53 WEEKS ENDED 1 FEBRUARY 1997**



Registered number: SC026704

# **DTSI LIMITED**

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# **DTSI LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the Company for the 53 weeks ended 1 February 1997.

### **Principal Activity**

Following the disposal of substantially all the assets of the business, together with the business, its employees and company name in January 1996, only one loan facility remains. The Directors have decided that the company will no longer provide financing or loan facilities.

### **Directors and their Interests**

The present Directors of the Company are:

S Jerman

H M Mountford

J G Hawkins (appointed 28 June 1996)

The following Director also held office during the year:

D R Webb (resigned 1 August 1996)

In accordance with the Articles of Association, J G Hawkins will retire and being eligible, will offer himself for re-election at the forthcoming Annual General Meeting.

No Director in office at 1 February 1997 held any beneficial interest in the shares of Harrods Holdings plc (formerly Harrods Investments plc) or any of its subsidiaries at 28 January 1996 or date of appointment or at 1 February 1997.

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 Dividend**

The operating loss for the 53 weeks to 1 February 1997 amounted to £767,924 (52 weeks to 27 January 1996 - £1,211,953). The directors do not propose the payment of a dividend (1996 - £nil).

### **Review of the Business**

On 19 December 1996 the deferred consideration of £500,000 was received in respect of the disposal of substantially all of the assets of the business, together with the business, its employees and the company name to Strandhigh Limited. It is expected that the one remaining debtor account will be realised during 1997/98.

# **DTSI LIMITED**

## **DIRECTORS' REPORT (Continued)**

### **Auditors**

Price Waterhouse 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.

### **Statement of Directors' Responsibilities**

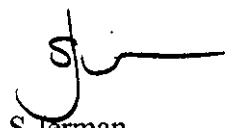
The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 4 to 10 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



S Jerman  
Secretary  
8 April 1997

Registered Office  
151 St Vincent Street  
Glasgow  
G2 5NJ

**DTSI LIMITED**  
**AUDITORS' REPORT**  
**TO THE MEMBERS OF DTSI LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective Responsibilities of Directors and Auditors**

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**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 1 February 1997 and of its loss for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
8 April 1997

Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

**DTSI LIMITED**

**PROFIT AND LOSS ACCOUNT  
53 WEEKS ENDED 1 FEBRUARY 1997**

Note	53 Weeks to 1/2/97 £	52 Weeks to 27/1/96 £
2 <b>Turnover</b>	-	1,723,102
3 <b>Net Interest Payable</b>	(225,129)	(754,689)
<b>Gross (Loss)/Profit</b>	<u>(225,129)</u>	<u>968,413</u>
<b>Administrative expenses</b>	(542,795)	(2,180,366)
<b>Operating Loss</b>	<u>(767,924)</u>	<u>(1,211,953)</u>
<b>Loss on sale of assets</b>	-	(3,453,080)
4 <b>Loss on Ordinary Activities before Taxation</b>	<u>(767,924)</u>	<u>(4,665,033)</u>
5 <b>Taxation</b>	360,000	1,404,026
<b>Loss on Ordinary Activities After Taxation and Transferred to Reserves</b>	<u><u>(407,924)</u></u>	<u><u>(3,261,007)</u></u>

The turnover included in the profit and loss account above is a result of discontinued activities.

There were no recognised gains or losses other than those shown in the profit and loss account 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 year stated above and the historical costs equivalent.

**DTSI LIMITED**

**BALANCE SHEET  
AT 1 FEBRUARY 1997**

Note	1/2/97	27/1/96
	£	£
<b>Current Assets</b>		
7 Debtors due within one year	1,072,499	3,383,733
Debtors due after more than one year	-	500,000
Cash and bank balances	14,989	61,903
	<u>1,087,488</u>	<u>3,945,636</u>
<b>8 Creditors</b>		
Amounts falling within one year	<u>(1,892,676)</u>	<u>(4,342,900)</u>
<b>Net Current Liabilities</b>	<u>(805,188)</u>	<u>(397,264)</u>
<b>Total Assets Less Current Liabilities</b>	<u>(805,188)</u>	<u>(397,264)</u>
<b>Capital and Reserves</b>		
9 Called up share capital	100	100
10 Profit and loss account	<u>(805,288)</u>	<u>(397,364)</u>
<b>11 Shareholders' Funds</b>	<u>(805,188)</u>	<u>(397,264)</u>

Approved by the Board on 8 April 1997



J G Hawkins  
DIRECTOR

**NOTES TO THE ACCOUNTS**  
**53 WEEKS ENDED 1 FEBRUARY 1997**

**1 Accounting Policies****Basis of Accounts:**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has not prepared a cash flow statement as its cash flows are included in the Group accounts and, as such, it has used the exemption allowed under FRS1

The company has net current liabilities and a deficit of shareholders funds at 1 February 1997. In order that the financial statements be prepared on a going concern basis, the Company's immediate parent undertaking has indicated that it will not call for a repayment of amounts due to group undertakings without first ensuring the Company has adequate funds to meet its financial obligations as they fall due.

**Turnover**

In the prior year the Company took credit for interest and commission earned based on the capital sums outstanding.

	53 weeks to 1/2/97 £	52 weeks to 27/1/96 £
<b>2 Turnover</b>		
Turnover is the amount of interest earned on loans advanced and arises entirely within the United Kingdom.	-	1,723,102
	<u>-</u>	<u>1,723,102</u>
<b>3 Net Interest Payable</b>		
Payable to group undertakings	(271,130)	(763,732)
Other interest receivable	46,001	9,043
	<u>(225,129)</u>	<u>(754,689)</u>



# DTSI LIMITED

## NOTES TO THE ACCOUNTS (Continued) 53 WEEKS ENDED 1 FEBRUARY 1997

	53 weeks to 1/2/97 £	52 weeks to 27/1/96 £
<b>4 Loss on Ordinary Activities Before Taxation</b>		
Loss on ordinary activities is stated after charging:		
Loss on sale of assets	-	3,453,080
Depreciation	-	10,241
Audit fee	<u>1,175</u>	<u>9,000</u>

During the year ended 27 January 1996 the Company sold substantially all of the assets of the business together with the business, its employees and the company name. The book value of assets sold was £7,893,653 and the consideration, net of costs, was £4,440,573. Included within the taxation credit for the year ended 27 January 1996 was a credit of £1,139,516 in respect of this transaction.

### 5 Taxation

Taxation credit based on the profits of the period:

Group Relief	230,000	1,400,000
Deferred tax provision no longer required	-	2,500
Prior year items	<u>130,000</u>	<u>1,526</u>
	<u>360,000</u>	<u>1,404,026</u>

**DTSI LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**  
**53 WEEKS ENDED 1 FEBRUARY 1997**

**6 Information regarding Directors and Employees**

	53 weeks to 1/2/97 £	52 weeks to 27/1/96 £
<b>Director's Emoluments</b>		
Emoluments including benefits	-	66,443
Compensation for loss of office	-	50,000
Pension contributions	-	4,149
	<u>-</u>	<u>120,592</u>
Emoluments of the Chairman	Nil	Nil
Emoluments of the highest paid Director excluding pension contributions	<u>Nil</u>	<u>51,772</u>
The range of all Directors' emoluments (excluding pension contributions) and the number within each range were:	Number	Number
£0 - £5,000	4	5
£15,001 - £20,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	<u>-</u>	<u>1</u>
	£	£
<b>Staff Costs</b>		
Wages and salaries	-	144,692
Social security costs	-	6,696
Other pension costs	-	18,932
	<u>-</u>	<u>170,320</u>
The average number of employees during the year was as follows:	<u>Nil</u>	<u>5</u>

**NOTES TO THE ACCOUNTS (Continued)**  
**53 WEEKS ENDED 1 FEBRUARY 1997**

	1/2/97 £	27/1/96 £
<b>7 Debtors</b>		
Amounts due within one year:		
Trade Debtors	840,000	1,900,000
Group relief due from group undertakings	230,000	1,400,000
Prepayments	107	2,275
Other taxes receivable	2,392	81,458
	<u>1,072,499</u>	<u>3,383,733</u>
Amounts due after more than one year:		
Deferred consideration	-	500,000
	<u>-</u>	<u>500,000</u>
<b>8 Creditors</b>		
Amounts falling due within one year:		
Amounts due to group undertakings	1,855,984	4,250,000
Accruals	36,692	92,900
	<u>1,892,676</u>	<u>4,342,900</u>
<b>9 Called Up Share Capital</b>		
Authorised, allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>10 Profit and Loss Account</b>		
Balance at 27 January 1996	(397,364)	
Loss retained for the year	(407,924)	
Balance at 1 February 1997	<u>(805,288)</u>	
<b>11 Reconciliation of Movements in Shareholders' Funds</b>		
Loss on ordinary activities after taxation	(407,924)	(3,261,007)
Opening shareholders' funds	(397,264)	2,863,743
Closing shareholders' funds	<u>(805,188)</u>	<u>(397,264)</u>

**NOTES TO THE ACCOUNTS (Continued)**  
**53 WEEKS ENDED 1 FEBRUARY 1997**

**12 Parent Undertakings**

The Company's immediate parent company is Harrods (UK) plc (formerly Harrods Holdings plc). The immediate parent undertaking of Harrods (UK) plc is Harrods Holdings plc (formerly Harrods Investments 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 company 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.

**13 Related Parties**

On 19 December 1996 the deferred consideration was paid relating to the sale of the assets and the business which took place on 25 January 1996. The payment was made by Retail and General Finance Limited, a company whose controlling shareholder is a key manager in the Harrods Holdings Group.

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.