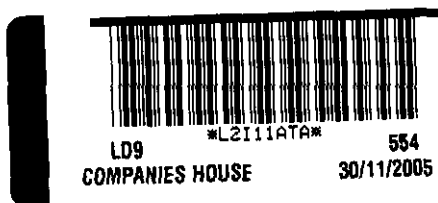


TURNBULL & ASSER LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 JANUARY 2005



Registered Number: 1066321

**TURNBULL & ASSER LIMITED
DIRECTORS' REPORT**

The Directors present their annual report and the audited consolidated financial statements of Turnbull & Asser Limited ("the Company") and its subsidiaries ("the Group") for the 52 weeks ended 29 January 2005.

PRINCIPAL ACTIVITY

The principal activity of the company is the retailing of menswear clothing.

DIRECTORS AND THEIR INTERESTS

The present Directors of the Company are:

Mr A Fayed
Mr S Quin
Mr P Price (appointed 1 February 2005)
Mr S Miller (appointed 15 September 2005)

The following Director also held office during the year:

Mrs H Mountford (resigned 31 July 2004)
Mr S Rees-Boughton (resigned 5 September 2005)
Mr K Williams (resigned 12 September 2005)

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

Mr A. Fayed has beneficial interest in the shares of the Company, comprising the entire issued share capital as at 29 January 2005 and at 31 January 2004. No other Directors in office during the year held any beneficial interest in the shares of the Company or of any of its subsidiary undertakings at 29 January 2005 or at 31 January 2004.

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 or the Group.

REVIEW OF THE BUSINESS

Trading conditions in London were challenging during the 52 weeks ended 29 January 2005. During the year there were some internal management changes in the Company and following the opening of a new purpose built shirt factory in Gloucester last year the production facilities have greatly improved, while there is continued ongoing review of stockholding throughout the business. The Directors are confident that the business will benefit from these changes.

RESULTS AND DIVIDENDS

The Group profit on ordinary activities before taxation for the 52 weeks ended 29 January 2005 amounted to £0.09 million (52 weeks ended 31 January 2004: loss of £0.30 million). No dividend was paid for the year (2004: £nil). No final dividend is proposed and the profit has been transferred to reserves.

TURNBULL & ASSER LIMITED
DIRECTORS' REPORT (continued)

THE ENVIRONMENT

The Company has continued to adopt policies and procedures that 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.

CHARITABLE AND POLITICAL DONATIONS

During the year £325 was spent on donations to charitable organisations. No contributions were made to any political party.

AUDITORS

HLB AV Audit plc were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

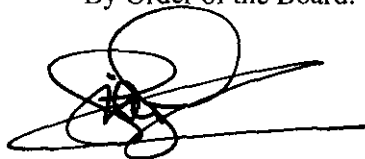
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 52 weeks ended 29 January 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board.



S. Dean
Secretary

18th November 2005

Registered Office
14 South Street
London
W1K 1DF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the cash flow statement and the related notes.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises the directors' report.

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 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 29 January 2005 and of its profit and cash flows of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB A V Audit plc

HLB AV Audit plc
Registered Auditor

TURNBULL & ASSER LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 29 JANUARY 2005

	52 Weeks 2005 £000	52 Weeks 2004 £000
Note		
Gross turnover	9,263	8,971
Value added tax	(999)	(985)
2 TURNOVER	<u>8,264</u>	<u>7,986</u>
Cost of sales	(4,349)	(4,250)
Gross profit	<u>3,915</u>	<u>3,736</u>
Distribution costs	(172)	(162)
Administrative expenses	(3,707)	(3,921)
3 Other operating income	108	87
4 OPERATING PROFIT/(LOSS)	<u>144</u>	<u>(260)</u>
Profit on disposal of fixed asset	-	20
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST	<u>144</u>	<u>(240)</u>
5 Net interest	(52)	(58)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>92</u>	<u>(298)</u>
6 Taxation on profit/(loss) on ordinary activities	40	8
18 RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	<u>132</u>	<u>(290)</u>
	<u>=====</u>	<u>=====</u>

The Group has no recognised gains or losses other than the results shown above. Therefore no statement of recognised gains and losses has been presented.

There is no material difference between the results on ordinary activities before taxation and the retained results for the year stated above, and the historical costs equivalents.

All results in the period arose from continuing operations.

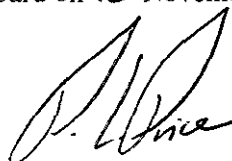
The notes on pages 7 to 19 form part of these financial statements.

TURNBULL & ASSER LIMITED
BALANCE SHEETS
AS AT 29 JANUARY 2005

Note		GROUP		COMPANY	
		2005 £000	2004 £000	2005 £000	2004 £000
	FIXED ASSETS				
8	Tangible assets	3,554	3,553	3,554	3,553
9	Investments	-	-	12	12
		3,554	3,553	3,566	3,565
	CURRENT ASSETS				
10	Stocks	2,846	2,558	2,846	2,558
11	Debtors	1,396	1,400	1,409	1,412
	Cash at bank and in hand	24	26	13	14
		4,266	3,984	4,268	3,984
12	CREDITORS: amounts falling due within one year	(2,060)	(1,633)	(2,073)	(1,644)
	NET CURRENT ASSETS	2,206	2,351	2,195	2,340
	TOTAL ASSETS LESS CURRENT LIABILITIES	5,760	5,904	5,761	5,905
13	CREDITORS: amounts falling due after more than one year	(514)	(739)	(514)	(739)
15	PROVISION FOR LIABILITIES AND CHARGES	(43)	(94)	(43)	(94)
		5,203	5,071	5,204	5,072
	CAPITAL AND RESERVES				
16	Called up share capital	850	850	850	850
17	Capital redemption reserve	30	30	30	30
18	Profit and loss account	4,323	4,191	4,324	4,192
19	SHAREHOLDERS' FUNDS - EQUITY	5,203	5,071	5,204	5,072

Approved by the Board on 18th November 2005

P Price
Finance Director



The notes on pages 7 to 19 form part of these financial statements.

TURNBULL & ASSER LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 29 JANUARY 2005

	2005 £000	2004 £000
Note		
22 NET CASH INFLOW FROM OPERATING ACTIVITIES	518	355
Bank interest received	2	12
Interest paid	(54)	(71)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(52)</u>	<u>(59)</u>
Corporation tax paid	(30)	(79)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		
Purchase of tangible fixed assets	(339)	(1,134)
Proceeds for the sale of freehold building	-	115
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS	<u>(339)</u>	<u>(1,019)</u>
FINANCING		
Bank loan repaid in year	(200)	(200)
NET CASH OUTFLOW FROM FINANCING	<u>(200)</u>	<u>(200)</u>
DECREASE IN CASH IN THE PERIOD	<u>(103)</u>	<u>(1,002)</u>
ANALYSIS OF CHANGES IN NET DEBT:		
OPENING NET DEBT	(1,008)	(206)
(Decrease)/Increase in cash	(103)	(1,002)
Repayment of bank loan	200	200
23 CLOSING NET DEBT	<u>(911)</u>	<u>(1,008)</u>

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

1 ACCOUNTING POLICIES

Basis of accounting preparation

The financial statements have been prepared under the historical cost convention in accordance with the accounting policies set out below and applicable accounting standards. These policies have been applied on a consistent basis.

Turnover

Turnover comprises the sales of goods to customers outside the Group, net of discounts and returns and excludes VAT. The turnover also includes the value of concession commission, following the adoption of application Note G - Revenue Recognition.

Basis of consolidation

These consolidated financial statements include the results of the Company and its subsidiary undertakings for the period to the nearest Saturday to 31 January. In the current financial year this represents the 52 weeks ended 29 January 2005. All of its subsidiary undertakings are dormant and consequently, the results of the Group reflect those of the Company.

Tangible fixed assets

All fixed assets are stated at cost.

Fixed asset investments

Fixed asset investments are held at cost less any provision required for impairment in value.

Depreciation of tangible fixed assets

Depreciation is provided by the Group in order to write down to estimated residual value, if any, the cost of tangible fixed assets over their estimated useful lives by equal annual instalments, as follows:

Freehold property	50 years
Long leasehold	Remaining period of lease
Fixture and fittings	Over 3 – 10 years
Vehicles and equipment	Over 4 – 10 years

Stock

Stock is stated at the lower of cost calculated on a weighted average basis and net realisable value.

Operating leases

Rentals payable under operating leases are charged to the profit and loss accounts on a straight-line basis over the term of the lease.

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

1 ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is accounted for on an undiscounted basis at expected tax rates on all differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Pension costs

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Pension Scheme

The Company is a member of the Harrods Holdings Group Pension Plan under which retirement benefits are funded by contributions from the Company and employees. Payment is made to the pension trust, which is separate from the Company and the Harrods 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 or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members.

The assets of the pension scheme are held and administered by trustees appointed under the scheme's rules as a single scheme. As there is more than one employer participating in the scheme Turnbull & Asser Limited is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. On adoption of FRS 17 Turnbull & Asser Limited will therefore account for pension contributions as if their section of the group scheme were a defined contribution scheme because they are within a multi-employer scheme.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end and transactions during the year are translated at the actual rate on the day of the transaction. Exchange differences arising from the translation of the opening net investment in a subsidiary to the closing rate are recorded as a movement on reserves. All other foreign exchange gains and losses are dealt with in the profit and loss account.

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

		2005	2004
		£000	£000
2	TURNOVER is the amount receivable, excluding VAT, for goods and services supplied to customers in the following locations:		
	United Kingdom	5,869	5,813
	America	1,605	1,478
	Continental Europe	523	470
	Japan	208	136
	Other	59	89
		8,264	7,986
		8,264	7,986
	All operations are based in the United Kingdom.		
3	OTHER OPERATING INCOME		
	Royalty income	108	87
		108	87
		108	87
4	OPERATING PROFIT is stated after charging/(crediting):		
	Depreciation of tangible fixed assets	338	274
	Legal fees	33	68
	Auditors' remuneration	15	28
	Foreign exchange loss	-	2
	Rentals paid under operating leases:		
	• Land and buildings	357	370
	• Plant and machinery	46	51
	Release of provisions no longer required	-	(77)
		338	274
		338	274
	The audit fee for the parent company is £15,000 (2004: £27,765). There were no additional non audit fees paid to HLB AV Audit plc during the year (2004: £nil).		
5	NET INTEREST		
	Bank interest receivable	2	12
	Bank interest payable	(54)	(70)
		(52)	(58)
		(52)	(58)

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

		2005	2004
		£000	£000
6	TAXATION		
	Current tax:		
	UK Corporation tax on current year profits at 30% (2004: 30%)	(10)	-
	Prior year under accrual	-	4
	Total current tax	<u>(10)</u>	<u>4</u>
	Deferred tax:		
	Origination and reversal of timing differences (ACA and other)	50	4
	Tax on profit/(loss) on ordinary activities	<u>40</u>	<u>8</u>
	Tax assessed for the period is higher than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:		
	Profit/(Loss) on ordinary activities before tax	92	(298)
	Profit/(Loss) on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	(28)	89
	Effects of:		
	Expenses not deductible for tax purposes	3	4
	Accelerated capital allowances and other timing differences	(11)	(6)
	Utilisation of losses	26	(83)
	Current tax charge for the financial year	<u>(10)</u>	<u>4</u>

The Company has losses available to carry forward against future profits of £164k (2004:£251k).

7 **INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

Staff costs:		
Wages and salaries	2,660	2,563
Social security costs	204	204
Other pension costs	<u>166</u>	<u>224</u>
	<u>3,030</u>	<u>2,991</u>

	2005	2004
	Number	Number
The average number of employees during the financial year was as follows:		
Retail	31	34
Production	101	97
Administration	<u>24</u>	<u>25</u>
	<u>156</u>	<u>156</u>

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2005	2004
	£000	£000
Directors' remuneration:		
Emoluments excluding pension contributions	227	343
	<u>=====</u>	<u>=====</u>
Aggregate value of contributions paid to money purchase schemes	-	-
	<u>=====</u>	<u>=====</u>
Highest paid Director:		
Emoluments excluding pension contributions	84	114
	<u>=====</u>	<u>=====</u>
Company pension contribution	7	14
	<u>=====</u>	<u>=====</u>
Accrued pension under defined benefit scheme	3	3
	<u>=====</u>	<u>=====</u>
	2005	2004
	Number	Number
NUMBER OF DIRECTORS TO WHOM RETIREMENT BENEFITS ARE ACCRUING UNDER:		
Defined benefit schemes	3	3
	<u>-----</u>	<u>-----</u>
	<u>=====</u>	<u>=====</u>

PENSIONS

Pension schemes operated

Within the UK the Company principally participates in two schemes operated by Harrods Holdings Limited:

- (i) The Harrods Holdings Stakeholder Scheme (the Scheme), which is an approved defined contribution scheme; it was established with Scottish Equitable plc on 1 May 2002.
- (ii) The Harrods Holdings Group Pension Plan (the Plan), which is an approved defined benefit scheme.

Membership of the Plan is no longer available to new employees on the staff scale, during the first five years of employment. Those employees are eligible to join the Scheme and can then elect to transfer to the Plan after five years continuous service. Those employees commencing on the management scale are eligible to apply for either the Scheme or the Plan.

The Harrods Holdings Group pays such contributions to the Scheme and the Plan as required in order to fund benefits for the members and pensioners. The assets of the Scheme and Plan are held in trust separately from the Harrods Holdings Group.

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Regular pension costs under SSAP 24

Defined Contribution Stakeholder Pension Scheme

The pension cost under the defined contribution scheme amounted to £nil (2004: £nil). A pension accrual of £nil (2004: £nil) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme

The Company's net pension charge for the Harrods Holdings Group Pension Plan for the 52 weeks to 29 January 2005 was £0.17 million (2004: £0.22 million) comprising a regular cost of £0.20 million (2004: £0.19 million) plus a variation of £(0.02) million (2004: £0.02 million). The variation arises in respect of the actuarial deficit, which is being spread over the average remaining working lives of employees who are members of the Plan. The pension charge for the year is lower than the actual contributions paid resulting in the following accrual in the balance sheet:

	29/1/05	31/1/04
	£'000	£'000
The pension accrual is as follows:		
Balance at beginning of period	(139)	(114)
Contributions paid	192	199
Charge to profit and loss account	(167)	(224)
Balance at end of period	(114)	(139)

The accrual is calculated as a proportion of the total accrual for the Pension Plan, which is based on the Company's pensionable salary as a percentage of the total pensionable salaries in the scheme.

Pension costs are assessed in accordance with the advice of qualified independent actuaries, Hymans Robertson, based on the results of the actuarial valuation undertaken by Hewitt Bacon & Woodrow Limited as at 6 April 2002. The actuarial valuation assessed the Plan using the projected unit method and a market based valuation approach to ascertain its cost to the Group, having adopted the following financial assumptions:

Inflation Assumption	2.9%
Rate of Increase in Salaries	4.4%
Rate of Pension Increases	2.8%

Following the valuation, the Group agreed to increase contributions to the Plan from 10.0% of salaries to 13.9% of salaries with effect from 6 April 2003. From 6 April 2003, member contributions increased from 3.5% to 5.0% of salaries for Staff Scale members and from 5.0% to 7.0% of salaries for Management Scale members.

The company will make an additional contribution to the Plan of £0.4 million (2004: £nil) during the twelve months from April 2005. The company will also increase its contributions to the Plan from 13.9% of salaries to 15.0% of salaries with effect from 6 April 2005.

TURNBULL & ASSER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Financial Reporting Standard 17 Disclosures

At the date of the last actuarial valuation, the market value of the assets of the Plan was £177.7 million and the actuarial value of assets covered 98% of the benefits that had accrued to members, after allowing for expected increases in future earnings. The next scheduled actuarial valuation of the Harrods Holdings Group Pension Plan took place on the 6 April 2005.

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of Financial Reporting Standard No 17 "Retirement Benefits", this note now also includes the additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by FRS 17. The information required in connection with FRS 17 and the defined benefit scheme is detailed below.

The Harrods Holdings Group Pension Plan is a funded defined benefit scheme. However, the contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to define its share of the underlying assets and liabilities in the scheme.

An approximate actuarial assessment of the Plan was also carried out as at 29 January 2005 by qualified independent actuaries, Hymans Robertson, and showed an actuarial deficit of £98.3 million (2004: £84.8 million). The implication of the existence of this deficit to the Company is that level of employer contributions payable to the Plan were from April 2005 as noted above.

8 TANGIBLE FIXED ASSETS

Group and Company:	Total	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures Fittings and Equipment
	£000	£000	£000	£000
Opening cost	5,592	984	1,512	3,096
Additions	339	-	-	339
Assets written off	(56)			(56)
Closing cost	<u>5,875</u>	<u>984</u>	<u>1,512</u>	<u>3,379</u>
Opening aggregate depreciation	2,039	5	74	1,960
Charge for the period	338	23	21	294
Assets written off	(56)			(56)
Closing aggregate depreciation	<u>2,321</u>	<u>28</u>	<u>95</u>	<u>2,198</u>
Closing net book value	<u>3,554</u>	<u>956</u>	<u>1,417</u>	<u>1,181</u>
Opening net book value	<u>3,553</u>	<u>979</u>	<u>1,438</u>	<u>1,136</u>

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

8 TANGIBLE FIXED ASSETS (continued)

The net book value of leasehold land and buildings comprises:

	2005	2004
	£000	£000
Long leasehold	1,417	1,438
Short leasehold	-	-
	<u>1,417</u>	<u>1,438</u>
	<u><u>1,417</u></u>	<u><u>1,438</u></u>

9 FIXED ASSET INVESTMENTS (Company)

Shares in Group undertakings:

Opening cost	31	31
Closing cost	<u>31</u>	<u>31</u>
	<u><u>31</u></u>	<u><u>31</u></u>
Opening provision	(19)	(19)
Closing provision	<u>(19)</u>	<u>(19)</u>
	<u><u>(19)</u></u>	<u><u>(19)</u></u>
Closing net book value	<u>12</u>	<u>12</u>
	<u><u>12</u></u>	<u><u>12</u></u>
Opening net book value	<u>12</u>	<u>12</u>
	<u><u>12</u></u>	<u><u>12</u></u>

The Company has the following wholly owned non-trading subsidiary undertakings which operate in the United Kingdom:

The Jermyn Street Shirtmakers Limited
The Jermyn Street Tie Company Limited
Turnbull & Asser International Limited

and in Canada:

Turnbull & Asser (Ontario) Limited

In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

	2005	2004
	£000	£000
10 STOCKS		
Group and Company:		
Raw materials and consumables	831	786
Work in progress	166	156
Finished goods and goods for resale	1,849	1,616
	<u>2,846</u>	<u>2,558</u>
	<u><u>2,846</u></u>	<u><u>2,558</u></u>

TURNBULL & ASSER LIMITED
NOTES TO FINANCIAL STATEMENTS
52 WEEKS ENDED 29 JANUARY 2005

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
11 DEBTORS				
Amounts falling due within one year:				
Trade debtors	1,095	1,142	1,095	1,142
Amounts owed by group undertakings	-	-	13	12
Other debtors	28	16	28	16
Corporate taxation recoverable	43	24	43	24
Prepayments and accrued income	230	218	230	218
	<u>1,396</u>	<u>1,400</u>	<u>1,409</u>	<u>1,412</u>
	<u><u>1,396</u></u>	<u><u>1,400</u></u>	<u><u>1,409</u></u>	<u><u>1,412</u></u>
12 CREDITORS : Amounts falling due within one year:				
Overdraft	335	234	335	234
Bank loan (note 14)	200	200	200	200
Trade creditors	679	402	679	402
Amounts owed to group undertakings	-	-	13	11
Other creditors	36	1	36	1
Taxation and social security	232	206	232	206
Accruals and deferred income	578	590	578	590
	<u>2,060</u>	<u>1,633</u>	<u>2,073</u>	<u>1,644</u>
	<u><u>2,060</u></u>	<u><u>1,633</u></u>	<u><u>2,073</u></u>	<u><u>1,644</u></u>
13 CREDITORS : Amounts falling due after more than one year:				
Bank loan (note 14)	400	600	400	600
Pension	114	139	114	139
	<u>514</u>	<u>739</u>	<u>514</u>	<u>739</u>
	<u><u>514</u></u>	<u><u>739</u></u>	<u><u>514</u></u>	<u><u>739</u></u>
14 BANK LOAN				
Maturity of debt:				
Amounts falling due within one year	200	200	200	200
Amounts falling due 1-2 years	200	200	200	200
Amounts falling due 2-5 years	200	400	200	400
	<u>600</u>	<u>800</u>	<u>600</u>	<u>800</u>
	<u><u>600</u></u>	<u><u>800</u></u>	<u><u>600</u></u>	<u><u>800</u></u>

The bank loan is secured by a fixed charge on the long leasehold of a property. The loan is repayable in annual instalments of £0.20 million. Interest payable is based on a fixed rate of 6.65%.

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	2005 £000	2004 £000
15 DEFERRED TAXATION		
Group and Company:		
Accelerated capital allowances	131	135
Other timing differences	<u>(88)</u>	<u>(41)</u>
Total provision for deferred tax	<u>43</u>	<u>94</u>

The movement in the deferred tax provision relates to a credit to the profit and loss account of £50k.

	2005 £	2004 £
16 CALLED UP SHARE CAPITAL		
Authorised:		
8.5 million Ordinary shares of US \$0.00001 each	55	55
10.3 million Ordinary shares of £0.10 each	1,030,200	1,030,200
	<u>1,030,255</u>	<u>1,030,255</u>
Allotted and fully paid:		
8.5 million Ordinary shares of US \$0.00001 each	55	55
8.5 million Ordinary shares of £0.10 each	850,000	850,000
	<u>850,055</u>	<u>850,055</u>

The US\$ shares are each entitled to receive dividends amounting to the first 99% of the amount of profits which the Company may determine to distribute in respect of any financial year, divided by the number of US\$ shares then in issue. The Sterling shares are each entitled to receive a dividend of the remaining 1% of distributable profits, divided by the number of Sterling shares then in issue.

Each US\$ share carries 99 votes. Each Sterling share carries one vote.

In the event of a return of capital or winding up the US\$ class of shares shall be entitled to receive the first 99% of the assets available for distribution. Only after the US\$ class has received its full entitlement shall the Sterling class be entitled to the balance of the assets available.

Neither class of share is redeemable at the shareholder's request.

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	Group	Company
	2005	2005
	£000	£000
17 CAPITAL REDEMPTION RESERVE		
Opening balance	30	30
Closing balance	<u>30</u>	<u>30</u>
18 PROFIT AND LOSS ACCOUNT		
Opening balance	4,191	4,192
Retained profit for the financial year	132	132
Closing balance	<u>4,323</u>	<u>4,324</u>

The Company has taken advantage of section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company has not been presented. The Company's profit after taxation for the financial year was £0.10 million (2004: loss of £0.30 million).

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Retained profit/(loss) for the financial year	132	(290)	132	(290)
Net increase/(decrease) in shareholders' funds	<u>132</u>	<u>(290)</u>	<u>132</u>	<u>(290)</u>
Opening shareholders' funds	5,071	5,361	5,072	5,362
Closing shareholders' funds	<u>5,203</u>	<u>5,071</u>	<u>5,204</u>	<u>5,072</u>

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20 LEASING COMMITMENTS

	2005	2004
	£000	£000
The Group and Company has the following annual operating commitments in respect of land and buildings:		
Within 1 year	10	10
From 1 - 5 years	410	173
After 5 years	-	227
	420	410
	420	410
Other assets - within 1 year	39	37
- from 1 - 5 years	10	10
	49	47
	49	47

21 RELATED PARTY DISCLOSURES

During the year the Group traded with Turnbull & Asser LLC, a company in which Mr A. Fayed has a beneficial interest. Sales were made on commercial terms and amounted to £0.77 million for the year (2004: £0.60 million). A license fee income was obtained on sales resulting in other operating income of £0.07 million (2004: £0.05 million). No payment was made to Turnbull & Asser LLC (2004: £0.18 million) pursuant to an agreement to vary the terms of an existing agreement under which Turnbull & Asser LLC distributed shirts on a wholesale basis within the USA. As a result of varying the agreement, Turnbull & Asser Limited is now exclusively entitled to sell wholesale into the USA. At the year-end the amount owed to the Company by Turnbull & Asser LLC was £0.25 million (2004: £0.33 million).

The Group also trades with companies in the Harrods Group in which Mr A. Fayed has a beneficial interest. Sales were made on commercial terms and amounted to £1.56 million for the year (2004: £1.53 million). Charges for operating expenses amounted to £0.49 million (2004: £0.49 million). At the year end the net amount owed by these companies to the Company was £0.20 million (2004: £0.23 million).

The ultimate controlling party of the Company is Mr A. Fayed.

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22 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO OPERATING CASH FLOWS

	2005	2004
	£000	£000
Operating profit/(loss)	144	(260)
Pension variation	(25)	25
Depreciation charged	338	274
(Increase)/Decrease in stocks	(288)	500
Decrease/(Increase) in debtors	23	(51)
Increase/(Decrease) in creditors	326	(133)
	<u>518</u>	<u>355</u>
Net cash inflow from operating activities	<u><u>518</u></u>	<u><u>355</u></u>

23 ANALYSIS OF NET DEBT

Group:	2004	Cash	2005
	£000	flow	£000
		£000	
Cash in hand and at bank and overdraft	(208)	(103)	(311)
Bank loan			
Due between 2-5 years	(600)	200	(400)
Due within one year	<u>(200)</u>	<u>-</u>	<u>(200)</u>
Total	<u>(800)</u>	<u>200</u>	<u>(600)</u>
Net debt	<u><u>(1,008)</u></u>	<u><u>97</u></u>	<u><u>(911)</u></u>