

Buckley Jewellery Limited

Financial statements

For the year ended 31 January 2005

Grant Thornton 



Company No. 2343583

Company information

Company registration number	2343583
Registered office	Unit G3 Wyther Lane Industrial Estate Wyther Green Leeds LS5 3AR
Directors	Mr A J L Buckley (Chief Executive) Mr R J Steele (Non-executive Chairman) Mr A S Henderson (Executive Director) Mr P A Houlton (Executive Director) Mr K M Benson (Executive Director)
Secretary	Mr P A Houlton
Bankers	Barclays Bank plc 17 Market Street Huddersfield West Yorkshire HD1 2AB
Solicitors	McCombie & Co St Paul's House 23 Park Square Leeds West Yorkshire LS1 2ND
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors St Johns Centre 110 Albion Street Leeds LS2 8LA

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 January 2005.

Principal activities and business review

The company is principally engaged in the design and distribution of jewellery.

There was a profit for the year after taxation amounting to £240,000 (2004 : £760,000).

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2005 £'000	2004 £'000
Proposed dividends on ordinary shares	—	31
Dividends paid on A ordinary shares	340	340
	<u>340</u>	<u>371</u>

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 January 2005	At 1 February 2004 or later date of appointment
Mr A J L Buckley	Ordinary shares of 10p each	1,279,050	1,279,050
Mr R J Steele	Ordinary shares of 10p each	12,750	12,750
Mr A S Henderson		—	—
Mr P A Houlton		—	—
Mr K M Benson (appointed 13 April 2004)		—	—

Mr G J Webster retired as a director on 13 August 2004.

No director had, during or at the end of the period, a material interest in any contract which was significant in relation to the company's business except as disclosed in note 16 to the financial statements.

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable and political donations

Donations to charitable organisations amounted to £4,900 (2004: £345). There were no donations to political organisations.

Auditors

On 1 July 2004 the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989 the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Mr P A Houlton
Secretary
29 November 2005

Report of the independent auditors to the members of Buckley Jewellery Limited

We have audited the financial statements of Buckley Jewellery Limited for the year ended 31 January 2005 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors 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 report of the directors 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 report of the directors 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.

Report of the independent auditors to the members of Buckley Jewellery Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP", is written over a horizontal line.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEEDS

29 November 2005

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention. The principal accounting policies of the company have remained unchanged from the previous period, and are set out below.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset less residual value, over the useful economic life of that asset as follows:

Improvements to leasehold property	- 33% straight line
Fixtures, fittings and computer equipment	- 25% or 50% straight line.
Motor vehicles	- 25% or 33% straight line.
Models and moulds	- 20% straight line.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Employee benefit trust

Assets held by the company's Employee Benefit Trust (EBT) are included in the company's balance sheet as current asset investments, subject to any provision for diminution in value, until they are unconditionally distributed to beneficiaries at the unfettered discretion of the trustees of the EBT.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or event 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 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 substantially enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Profit and loss account

	Note	2005 £'000	2004 £'000
Turnover	1	10,819	10,899
Cost of sales		(6,949)	(6,569)
Gross profit		3,870	4,330
Administrative expenses		(3,470)	(3,178)
Operating profit	2	400	1,152
Interest receivable		1	-
Interest payable and similar charges	5	(40)	(39)
Profit on ordinary activities before taxation		361	1,113
Tax on profit on ordinary activities	6	(121)	(353)
Profit on ordinary activities after taxation		240	760
Dividends	7	(340)	(371)
Retained (loss)/profit for the financial year	20	(100)	389


All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.


Balance sheet

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	8	<u>334</u>	<u>435</u>
Current assets			
Stocks	10	2,071	2,422
Debtors	11	1,171	1,244
Investments	13	3	3
Cash at bank and in hand		<u>1,014</u>	<u>336</u>
		<u>4,259</u>	<u>4,005</u>
Creditors: amounts falling due within one year	14	<u>(1,495)</u>	<u>(1,242)</u>
Net current assets		<u>2,764</u>	<u>2,763</u>
Total assets less current liabilities		<u>3,098</u>	<u>3,198</u>
Capital and reserves			
Called-up equity share capital	18	172	172
Share premium account	19	72	72
Other reserves	19	-	-
Profit and loss account	20	<u>2,854</u>	<u>2,954</u>
Shareholders' funds	21	<u>3,098</u>	<u>3,198</u>

These financial statements were approved by the directors on 29 November 2005 and are signed on their behalf by:



Mr A J L Buckley (Chief Executive)



Mr R J Steele (Non-executive Chairman)

Cash flow statement

	Note	2005 £'000	2004 £'000
Net cash inflow/(outflow) from operating activities	22	1,189	(222)
Returns on investments and servicing of finance	22	(39)	(39)
Taxation		(338)	345
Capital expenditure and financial investment	22	(115)	(312)
Equity dividends paid		(31)	(679)
Cash inflow/(outflow) before financing		<u>666</u>	<u>(907)</u>
Financing	22	(15)	(19)
Increase/(decrease) in cash	22	<u>651</u>	<u>(926)</u>

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2005	2004
	£'000	£'000
United Kingdom	10,239	10,513
Europe	237	255
North America	132	—
Africa, Far and Middle East	211	131
	10,819	10,899

2 Operating profit

Operating profit is stated after charging/(crediting):

	2005	2004
	£'000	£'000
Depreciation of owned fixed assets	227	205
Depreciation of assets held under finance leases and hire purchase agreements	—	19
(Profit)/loss on disposal of fixed assets	(11)	1
Auditors' remuneration:		
Audit fees	15	14
Non audit fees	5	13
Operating lease costs:		
Land and buildings	113	112
Vehicles	33	36

3 Staff costs

The average number of persons employed by the company during the financial year, including the directors, amounted to 102 (2004 : 87).

The aggregate payroll costs of the above were:

	2005	2004
	£'000	£'000
Wages and salaries	2,498	2,217
Social security costs	257	218
Other pension costs	79	69
	2,834	2,504

4 Directors

Remuneration in respect of directors was as follows:

	2005 £'000	2004 £'000
Emoluments receivable including benefits in kind	457	382
Value of company pension contributions to money purchase schemes	26	17
Payments to third parties for director's services	25	24
Compensation for loss of directorship	29	-
	<u>537</u>	<u>423</u>

Emoluments of highest paid director:

	2005 £'000	2004 £'000
Total emoluments (excluding pension contributions)	<u>146</u>	<u>156</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>4</u>	<u>3</u>

5 Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable on bank borrowing	40	37
Finance charges	-	2
	<u>40</u>	<u>39</u>

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £'000	2004 £'000
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 : 30%)	125	345
Under provision in prior year	4	-
Total current tax	<u>129</u>	<u>345</u>
Deferred tax:		
(Increase)/decrease in deferred tax asset	(8)	8
Tax on profit on ordinary activities	<u>121</u>	<u>353</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 : 30%).

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	<u>361</u>	<u>1,113</u>
Profit on ordinary activities at standard rate of tax	108	334
Expenses not deductible for tax purposes	17	7
Depreciation in excess of capital allowances	8	1
Adjustments to the tax charge in respect of previous periods	4	-
Marginal relief	(8)	-
Roundings	-	3
Total current tax (note 6(a))	<u>129</u>	<u>345</u>

7 Dividends

	2005 £'000	2004 £'000
Equity dividends:		
Ordinary shares - proposed dividend of £Nil (2004 : 2.4p)	-	31
A ordinary shares - dividend of 80p (2004 : 80p) paid 25 February 2005	340	340
	<u>340</u>	<u>371</u>

8 Tangible fixed assets

	Improvements to leasehold property £'000	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Models and moulds £'000	Total £'000
Cost					
At 1 February 2004	116	694	229	150	1,189
Additions	—	98	42	—	140
Disposals	—	—	(66)	—	(66)
At 31 January 2005	<u>116</u>	<u>792</u>	<u>205</u>	<u>150</u>	<u>1,263</u>
Depreciation					
At 1 February 2004	99	399	144	112	754
Charge for the year	17	126	53	31	227
On disposals	—	—	(52)	—	(52)
At 31 January 2005	<u>116</u>	<u>525</u>	<u>145</u>	<u>143</u>	<u>929</u>
Net book value					
At 31 January 2005	<u>-</u>	<u>267</u>	<u>60</u>	<u>7</u>	<u>334</u>
At 31 January 2004	<u>17</u>	<u>295</u>	<u>85</u>	<u>38</u>	<u>435</u>

9 Fixed asset investments

	£'000
Cost	
At 1 February 2004 and 31 January 2005	<u>1</u>
Amounts written off	
At 1 February 2004 and 31 January 2005	<u>1</u>
Net book value	
At 1 February 2004 and 31 January 2005	<u>—</u>

During the year, the company held 99.9% of the ordinary share capital in Buckley Jewellery (Hong Kong) Limited, a dormant company incorporated in Hong Kong.

The company also holds as a current asset investment, via the Buckley Jewellery Employees' Benefit Trust, 100% of the A ordinary share capital in Neban 64, an unlimited investment company incorporated in Great Britain.

10 Stocks

	2005 £'000	2004 £'000
Finished goods	<u>2,071</u>	<u>2,422</u>

11 Debtors

	2005 £'000	2004 £'000
Trade debtors	1,059	1,127
Other debtors	2	2
Director's current account (note 16)	14	20
Prepayments and accrued income	78	85
Deferred taxation (note 12)	18	10
	<u>1,171</u>	<u>1,244</u>

12 Deferred taxation

The movement in the deferred taxation account during the year was:

	2005 £'000	2004 £'000
Balance brought forward	10	18
Profit and loss account movement arising during the year	8	(8)
Balance carried forward	<u>18</u>	<u>10</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005 £'000	2004 £'000
Excess of depreciation on fixed assets over taxation allowances	<u>18</u>	<u>10</u>

13 Current asset investments

During the previous year the company made a contribution of £3,000 to the Buckley Jewellery Limited Employee Benefit Trust (the Trust). This was established to provide benefits to employees and directors of the company. Assets held by the Trust may be distributed to individuals at the unfettered discretion of the trustees, from time to time.

At the year end the Trust held the following assets:

	2005 £'000	2004 £'000
Unquoted investments	-	-
Cash	3	3
	<u>3</u>	<u>3</u>

The unquoted investments are the A shares in Neban 64 referred to in note 9 to the financial statements.

14 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Bank overdraft (secured)	26	—
Trade creditors	503	473
Corporation tax	125	334
Other taxation and social security	248	255
Amounts due under finance leases and hire purchase agreements	—	15
Proposed dividends	340	31
Accruals and deferred income	253	135
	<u>1,495</u>	<u>1,242</u>

15 Leasing commitments

At 31 January 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land and buildings	Other items	Land and buildings	Other items
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	3	—	41	17
Within 2 to 5 years	88	27	19	—
	<u>91</u>	<u>27</u>	<u>60</u>	<u>17</u>

16 Transactions with the directors

An amount of £14,000 was due from Mr A J L Buckley at the year end (2004 : £20,000). The maximum outstanding during the year was £68,000 (2004 : £67,000). The amount is interest free.

17 Controlling related party

The company was under the control of Mr A J L Buckley throughout the current and previous year. Mr A J L Buckley is the chief executive and majority shareholder.

18 Share capital

Authorised share capital:

	2005 £'000	2004 £'000
1,291,800 Ordinary shares of 10 pence each shares of £0.10 each	129	129
425,000 "A" Ordinary shares of 10 pence each shares of £0.10 each	43	43
	<u>172</u>	<u>172</u>

On 21 June 2004 the company's authorised share capital was increased to £190,755.50 by the creation of a further 190,755 Ordinary shares of 10 pence each in the capital of the company ranking pari pasu in all respects with the existing Ordinary shares of the company, each such share having the rights and being subject to the restrictions set out in the Articles of Association of the company.

Allotted, called up and fully paid:

	2005 No	£'000	2004 No	£'000
Ordinary shares of 10 pence each shares of £0.10 each	1,291,800	129	1,291,800	129
"A" Ordinary shares of 10 pence each shares of £0.10 each	425,000	43	425,000	43
	<u>1,716,800</u>	<u>172</u>	<u>1,716,800</u>	<u>172</u>

19 Other reserves

	Share premium account £'000	Capital redemption reserve £'000
At 1 February 2004 and 31 January 2005	<u>72</u>	<u>-</u>

20 Profit and loss account

	2005 £'000	2004 £'000
Balance brought forward	2,954	2,565
Retained (loss)/profit for the financial year	(100)	389
Balance carried forward	<u>2,854</u>	<u>2,954</u>

21 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	240	760
Dividends	(340)	(371)
(Decrease)/increase in shareholders' funds	<u>(100)</u>	<u>389</u>
Opening shareholders' equity funds	3,198	2,809
Closing shareholders' equity funds	<u>3,098</u>	<u>3,198</u>

22 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2005 £'000	2004 £'000
Operating profit	400	1,152
Depreciation	227	224
(Profit)/loss on disposal of fixed assets	(11)	1
Decrease/(increase) in stocks	351	(356)
Decrease/(increase) in debtors	80	(26)
Increase/(decrease) in creditors	142	(1,217)
Net cash inflow/(outflow) from operating activities	<u>1,189</u>	<u>(222)</u>

Returns on investments and servicing of finance

	2005 £'000	2004 £'000
Interest received	1	-
Interest paid	(40)	(37)
Interest element of finance leases and hire purchase	-	(2)
Net cash outflow from returns on investments and servicing of finance	<u>(39)</u>	<u>(39)</u>

22 Notes to the statement of cash flows (continued)

Capital expenditure and financial investment

	2005 £'000	2004 £'000
Payments to acquire tangible fixed assets	(140)	(333)
Receipts from sale of fixed assets	25	24
Acquisition of current asset investments in group undertakings	—	(3)
Net cash outflow for capital expenditure and financial investment	<u>(115)</u>	<u>(312)</u>

Financing

	2005 £'000	2004 £'000
Capital element of finance leases and hire purchase	<u>(15)</u>	<u>(19)</u>

Reconciliation of net cash flow to movement in net funds

	2005 £'000	2004 £'000
Increase/(decrease) in cash in the period	651	(926)
Cash outflow in respect of finance leases and hire purchase	15	19
Change in net funds	<u>666</u>	<u>(907)</u>
Net funds at 1 February 2004	322	1,229
Net funds at 31 January 2005	<u>988</u>	<u>322</u>

Analysis of changes in net funds

	At 1 Feb 2004 £'000	Cash flows £'000	At 31 Jan 2005 £'000
Net cash:			
Cash in hand and at bank	337	677	1,014
Overdrafts	—	(26)	(26)
	<u>337</u>	<u>651</u>	<u>988</u>
Debt:			
Finance leases and hire purchase agreements	(15)	15	—
Net funds	<u>322</u>	<u>666</u>	<u>988</u>