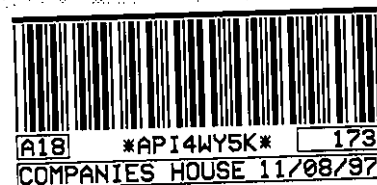


# **GOLDSMITHS SERVICES LIMITED**

## **REPORT AND ACCOUNTS**

**1 February 1997**

**Registered No: 616650**



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**DIRECTORS' REPORT**

**Directors:** J S Piasecki (Chairman)  
P R Goad (Resigned 4 April 1997)  
S C Sargent  
J E West  
J E Welsh (Resigned 15 March 1996)  
Mrs J E Welsh (Resigned 15 March 1996)

**Secretary:** S C Sargent

**Registered Office:** Goldsmiths House, Elland Road, Braunstone, Leicester LE3 1TT

The Directors submit their report and the audited accounts for the year ended 1 February 1997.

**PRINCIPAL ACTIVITIES**

The activities of the company consist of jewellery and watch repairs.

**FUTURE DEVELOPMENT**

It is intended to develop the business to service the repair needs of jewellery retailers throughout the UK.

**RESULTS AND DIVIDENDS**

The loss for the year amounts to £12 (1996: profit £11,022) and is dealt with as shown in the profit and loss account.

The directors do not recommend a dividend (1996: £75,000).

**DIRECTORS**

The directors of the company who served during the period were those listed above. Mr J E Welsh and Mrs J E Welsh resigned on 15 March 1996 and Mr P R Goad resigned on 4 April 1997.

**DIRECTORS' INTERESTS**

According to the register maintained as required under the Companies Act 1985 none of the directors as at 1 February 1997 had any interest in the share capital of the company during the year.

Mr J S Piasecki, Mr P R Goad, Mr S C Sargent, and Mr J E West were also directors of Goldsmiths Group Plc as at 1 February 1997 and their interests in the share capital of that company are shown in its accounts.

**DIRECTORS' AND OFFICERS' INSURANCE**

During the year the Company maintained directors' and officers' liability insurance.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The Directors are required by the Companies Act 1985 to prepare accounts 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 that period. It is also the Directors' responsibility to maintain adequate accounting records which enable them to ensure the accounts comply with the Companies Act 1985, to safeguard the assets of the Company and to take reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements, and that applicable accounting standards have been followed.

**AUDITORS**

A resolution proposing the re-appointment of Ernst & Young as auditors of the company will be put to the members at the annual general meeting.

By order of the board.

S C Sargent  
Secretary  
31 July 1997



**REPORT OF THE AUDITORS**

to the members of Goldsmiths Services Limited

We have audited the accounts on pages 3 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

**Respective responsibilities of Directors and Auditors**

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 1 February 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young**

*Chartered Accountants  
Registered Auditor*

Leicester

31 July 1997

**GOLDSMITHS SERVICES LIMITED****PROFIT AND LOSS ACCOUNT**

for the year ended 1 February 1997

	Notes	1997 £	1996 £
<b>TURNOVER</b>	2	704,421	727,169
Cost of sales		(455,765)	(419,992)
<b>GROSS PROFIT</b>		248,656	307,177
Administrative expenses		(256,616)	(291,159)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(7,960)	16,018
Taxation	5	7,948	(4,996)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(12)	11,022
Proposed final dividend		-	(75,000)
<b>RETAINED LOSS FOR THE YEAR</b>		<u>(12)</u>	<u>(63,978)</u>

**GOLDSMITHS SERVICES LIMITED****BALANCE SHEET**

at 1 February 1997

	Notes	1 February 1997 £	27 January 1996 £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>63,942</u>	<u>19,915</u>
<b>CURRENT ASSETS</b>			
Stocks	7	32,224	43,708
Debtors	8	30,940	86,436
Cash		11,717	14,471
		<u>74,881</u>	<u>144,615</u>
<b>CREDITORS - Amounts falling due within one year</b>	9	(128,765)	(155,583)
<b>NET CURRENT LIABILITIES</b>		<u>(53,884)</u>	<u>(10,968)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,058	8,947
Provision for liabilities and charges	10	(1,123)	-
<b>NET ASSETS</b>		<u>8,935</u>	<u>8,947</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	100	100
Profit and loss account	12	8,835	8,847
<b>SHAREHOLDERS' FUNDS</b>		<u>8,935</u>	<u>8,947</u>



S C Sargent  
Director  
31 July 1997

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 1 February 1997

	1997 £	1996 £
(Loss)/profit after taxation	(12)	11,022
Total recognised (losses)/gains	<u>(12)</u>	<u>11,022</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
for the year ended 1 February 1997

	1997 £	1996 £
(Loss)/profit after taxation	(12)	11,022
Dividends	-	(75,000)
Net reduction in shareholders' funds	<u>(12)</u>	<u>(63,978)</u>
Opening shareholders' funds	8,947	72,925
Closing shareholders' funds	<u>8,935</u>	<u>8,947</u>

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**NOTES TO THE ACCOUNTS**

at 1 February 1997

**1. ACCOUNTING POLICIES**

*Accounting convention*

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

*Depreciation*

The cost of fixed assets is written off over their useful lives as follows:

Short leasehold land and buildings	-	evenly over the period of the lease
Fixtures, fittings and equipment	-	evenly over five years

*Stocks*

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

*Deferred taxation*

Provision is made for deferred taxation using the liability method on all timing differences to the extent that it is probable that such taxation will become payable.

*Pensions*

The Group, of which the Company is a member, operates a defined benefit pension scheme.

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as is possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees.

**2. TURNOVER**

Turnover all of which arises in the UK, comprises the invoice value of goods and services supplied exclusive of VAT.

**NOTES TO THE ACCOUNTS**

at 1 February 1997

**3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

is stated after charging:

	1997	1996
	£	£
Depreciation	<u>10,967</u>	<u>10,603</u>

**4. DIRECTORS AND EMPLOYEES**

a) <b>Directors</b>	1997	1996
	£	£

Remuneration, including pension contributions	7,814	61,599
Compensation for loss of office	21,960	-

	<u>29,774</u>	<u>61,599</u>
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Emoluments, excluding pension contributions:

Chairman	Nil	Nil
Highest paid Director	14,747	30,916

Directors in scale:	No.	No.
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0-£5,000	4	4
£10,001-£15,000	2	-
£20,001-£25,000	-	1
£30,001 - £35,000	-	1

b) <b>Employees</b>	£	£
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Staff costs:

Wages and salaries	330,425	297,690
Social security costs	28,244	25,662
Pension costs	7,905	6,855

	<u>366,574</u>	<u>330,207</u>
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**c) The average number of employees, including directors, during the period was as follows:**

	No.	No.
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Management & Administration	13	11
Production	15	15

	<u>28</u>	<u>26</u>
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**NOTES TO THE ACCOUNTS**

at 1 February 1997

**5. TAXATION**

	1997	1996
The (credit)/charge for the year end comprises:	£	£
Corporation tax	(10,216)	5,413
Adjustment relating to prior years	1,145	4
Deferred taxation (Note 10)	1,123	(421)
	<u>(7,948)</u>	<u>4,996</u>

**6. TANGIBLE FIXED ASSETS**

	Short leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost:</b>			
At 27 January 1996	16,250	43,960	60,210
Additions	-	54,994	54,994
Disposals	-	(2,206)	(2,206)
	<u>16,250</u>	<u>96,748</u>	<u>112,998</u>
At 1 February 1997	16,250	96,748	112,998
<b>Depreciation:</b>			
At 27 January 1996	7,847	32,448	40,295
Charge for year	1,652	9,315	10,967
Disposals	-	(2,206)	(2,206)
	<u>9,499</u>	<u>39,557</u>	<u>49,056</u>
At 1 February 1997	9,499	39,557	49,056
<b>Net book value:</b>			
At 27 January 1996	<u>8,403</u>	<u>11,512</u>	<u>19,915</u>
At 1 February 1997	<u>6,751</u>	<u>57,191</u>	<u>63,942</u>

**NOTES TO THE ACCOUNTS**

at 1 February 1997

**7. STOCKS**

	1997	1996
	£	£
Raw materials and consumables	<u>32,224</u>	<u>43,708</u>

**8. DEBTORS**

	1997	1996
	£	£
Trade debtors	2,640	18,899
Prepayments	1,701	1,804
Amounts owed by fellow subsidiary undertakings	18,967	57,755
VAT	7,632	7,978
	<u>30,940</u>	<u>86,436</u>

**9. TRADE AND OTHER CREDITORS**

	1997	1996
	£	£
Amounts owed to parent undertakings	86,408	4,330
Trade creditors	29,336	26,967
Accruals and deferred income	13,021	46,272
Corporation tax	-	3,014
Proposed dividend	-	75,000
	<u>128,765</u>	<u>155,583</u>

**10. PROVISION FOR LIABILITIES AND CHARGES**

Deferred Tax

The amounts provided for deferred taxation, which represent full provision are as follows:-

	1997	1996
	£	£
Accelerated capital allowances	<u>1,123</u>	<u>-</u>

**11. CALLED-UP SHARE CAPITAL**

At 1 February 1997 and 27 January 1996 the share capital of the company was:

Authorised, allotted, issued and fully paid	
100 Ordinary shares of £1 each	<u>£100</u>

**NOTES TO THE ACCOUNTS**

at 1 February 1997

**12. RESERVES**

	Profit and Loss Account £
At 27 January 1996	8,847
Retained loss for the year	<u>(12)</u>
At 1 February 1997	<u>8,835</u>

**13. HOLDING COMPANY**

The company's immediate parent undertaking is Goldsmiths (Jewellers) Limited, a company registered in England and Wales.

The controlling party and ultimate parent undertaking is Goldsmiths Group Plc, registered in England and Wales. Copies of the accounts of Goldsmiths Group Plc can be obtained from Goldsmiths House, Elland Road, Braunstone, Leicester, LE3 1TT. Those are the only group accounts prepared that include the company.

**14. PENSIONS**

The Group, of which the Company is a member, operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Group in independently managed funds.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent triennial valuation was at 5 April 1996. It was assumed for the purposes of this valuation that the investment returns would exceed salary increases by 2% per annum and that present and future pensions would increase at the rate of 4.5% per annum.

The valuation showed that the market value of the scheme's assets was £4,366,000 representing a funding level of 110% on a discontinuance basis. The actuarial value of these assets represents a funding level of 93% of the benefits that had accrued to members of the scheme after allowing for the expected future increases in earnings. This deficit has arisen because of unfavourable investment returns and the Company resumed contributions to the scheme in August 1993 at a higher rate than would be necessary to fund future benefits. The contribution rate has not changed as a result of the 1996 valuation.

The total pension charge for the period was £7,905 (1996: £6,855).

**15. CASH FLOW STATEMENT**

The company is a wholly-owned subsidiary of Goldsmiths Group Plc which has published a group cash flow statement in accordance with Financial Reporting Standard No. 1 (Revised). Accordingly, a cash flow statement is not presented in these accounts.

**16. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Goldsmiths Group or investees of the group.