

CL Edwards & Sons Limited

Directors' report and financial
statements

Registered number 717417

29 January 2000



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Directors report

The directors present their annual report and the audited financial statements for the year ended 29 January 2000.

Principal activities

The principal activity of the company continued to be that of wholesale jewellers.

Business review

Favourable economic conditions, together with an upward repositioning of the product range contributed to an improved performance in both turnover and profitability.

Subsequent to the year end the company relocated to more modern leasehold premises and sold the existing freehold premises. Further details of this are given in note 7 to the accounts.

Results and dividends

The directors do not recommend the payment of a dividend. The profit for the year retained in the company is £232,112 (1999: £225,275).

Directors and directors' interests

The directors who held office during the year were as follows:

PL Edwards
JA Edwards
DA Edwards
WG Boyd
SL Cashman

None of the directors had any beneficial interest in the share capital of the company during the year.

Mr WG Boyd is a director of Signet Group plc, the ultimate holding company, and his interest in the share capital of Signet Group plc at 29 January 2000 is disclosed in the financial statements of that company.

On 29 January 2000, the other directors held the following beneficial interest in the ordinary shares of Signet Group plc: JA Edwards 2,029 (1 February 1999: 2,029), PL Edwards 2,029 (1 February 1999: 2,029), DA Edwards 628 (1 February 1999: 628) and SL Cashman nil (1 February 1999: nil).

Directors' report

Directors and directors' interests (continued)

Directors' holdings of options over ordinary shares of Signet Group plc (which in each case were held for their own benefit) and their grant dates and exercise prices were as follows:

	At 31 Jan 1999	Granted in year	Lapsed	At 29 Jan 2000	Exercise price Pence	Date at which exercisable	Expiry Date
JA Edwards	15,517		(15,517)	-	-	-	-
	45,588			45,588	21.25	2002	2002
PL Edwards	45,588			45,588	21.25	2002	2002
DA Edwards	15,517		(15,517)	-	-	-	-
	10,345		(10,345)	-	-	-	-
	44,444			44,444	33.75	2000	2007
	34,682			34,682	43.25	2001	2008
	18,235			18,235	21.25	2002	2002
		30,157		30,157	49.75	2002	2009
		9,687		9,687	40.0	2003	2003
SL Cashman	88,889			88,889	33.75	2000	2007
	69,364			69,364	43.25	2001	2008
	45,588			45,588	21.25	2002	2002
		60,302		60,302	49.75	2002	2009

On 5 May 2000 share options at a price of 57.0 pence per share were granted in accordance with and subject to the rules of the 1993 Executive Share Option Scheme over the following 0.5 pence ordinary shares in Signet Group plc:

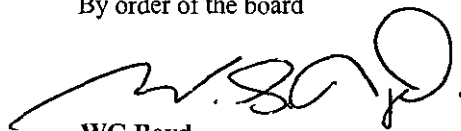
WG Boyd 611,842; DA Edwards 17,544; SL Cashman 35,088.

In general, options granted pursuant to the 1993 scheme are exercisable at any time during the period commencing on the third anniversary of the date of grant and ending on the tenth anniversary of the date of grant. Options may normally only be exercised if certain conditions, imposed by the Remuneration Committee of the Board at the time of grant of the options, have been satisfied.

For the options granted in October 1997, April 1998, April 1999, and May 2000, the options may not be exercised unless during any 3 year period since the financial year prior to the grant of the option, the company's earnings per share has increased by at least 10% above the rate of inflation. The options granted in 1989 lapsed on 31 May 1999.

The middle market price of the holding company's 0.5p ordinary shares on the London Stock Exchange was 58p on 29 January 2000. During the 52 weeks ended 29 January 2000, the middle market prices of such shares on the London Stock Exchange ranged between a low of 38.75p and a high of 70.25p.

By order of the board


WG Boyd
Director
7 November 2000

Zenith House
The Hyde
London NW9 6EW

Statement of directors' responsibilities

The directors are required to prepare financial statements for each financial period which give, in accordance with the Companies Act 1985, a true and fair view of the state of affairs of the company as at the end of that financial period and of the profit or loss of the company in the period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that in their opinion are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless in their view, based on the information then available to them, that basis of preparation would be inappropriate.

The directors are responsible for ensuring that the company complies with the Companies Act 1985 as to keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.



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Report of the auditor to the members of CL Edwards & Sons Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 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 29 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

24 - 11 - 2000

Profit and loss account

for the year ended 29 January 2000

	Note	2000 £	1999 £
Turnover (continuing operations)	2	5,022,760	4,516,364
Cost of sales		(4,135,017)	(3,753,327)
Gross profit		887,743	763,037
Administrative expenses		(512,025)	(428,734)
Profit on ordinary activities before taxation	3	375,718	334,303
Tax on profit on ordinary activities	6	(143,606)	(109,028)
Retained profit for the financial year		232,112	225,275
Retained profit brought forward		6,207,668	5,982,393
Retained profit carried forward		6,439,780	6,207,668

Movement on reserves is given in note 13

Statement of total recognised gains and losses

for the year ended 29 January 2000

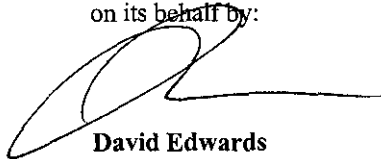
	2000 £	1999 £
Profit for the year	232,112	225,275
Deficit on revaluation of land and buildings	(45,000)	-
Total recognised gains and losses	187,112	225,275

Balance sheet

at 29 January 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	7	162,880	237,442
Current assets			
Stocks	8	1,460,764	1,396,383
Debtors	9	5,615,930	5,063,313
Cash at bank and in hand		3,482	17,497
		<u>7,080,176</u>	<u>6,477,193</u>
Creditors: amounts falling due within one year	10	<u>(690,931)</u>	<u>(344,831)</u>
Net current assets		<u>6,389,245</u>	<u>6,132,362</u>
Total assets less current liabilities		<u>6,552,125</u>	<u>6,369,804</u>
Provisions for liabilities and charges	11	10,208	5,417
Net assets		<u>6,562,333</u>	<u>6,375,221</u>
Capital and reserves			
Called up share capital	12	66,000	66,000
Revaluation reserve	13	56,553	101,553
Profit and loss account	13	6,439,780	6,207,668
Equity shareholders funds		<u>6,562,333</u>	<u>6,375,221</u>

These financial statements were approved by the board of directors on 7 November 2000 and were signed on its behalf by:


David Edwards
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of the company's freehold assets.

Under FRS1 (revised) 1996 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	10%, 20% and 33%
Motor vehicles	-	20% per annum
Plant and machinery	-	10% per annum

Depreciation and amortisation are not provided on freehold or long leasehold premises as it is the company's policy to maintain such properties in a state of good repair and the directors consider that the lives of these properties and their residual values are such that any depreciation would not be significant. The company's appraisal of residual values is based on prices prevailing at the time of acquisition or subsequent valuation of each property in question, and it is the company's policy to make provision in the profit and loss account in the event of the occurrence of any permanent diminution in property value.

During the year freehold property was written down to its net realisable value as shown in note 7.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pension costs

The company participates in the group pension scheme which is a defined benefit scheme. The contributions are charged to the profit and loss account in the year in which they are due.

The company also operates a separate defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts excluding value added tax and trade discounts derived from the sales of goods.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, paragraph 3(c), and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Notes (continued)

2 Turnover

The directors are of the opinion that all turnover and profit is attributable to the company's sole activity of wholesale jewellers.

	2000 £	1999 £
<i>Turnover by geographical market</i>		
UK	4,188,072	3,747,153
Other	834,688	769,211
	<u>5,022,760</u>	<u>4,516,364</u>

3 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration	8,000	8,500
Depreciation of tangible fixed assets all owned	31,703	33,247
Lease rentals: operating leases		
property	6,885	2,750
plant & machinery	71,207	84,894
<i>after crediting</i>		
Profit on disposal of fixed assets	-	(1,872)

4 Remuneration of directors

	2000 £	1999 £
Directors' emoluments:	<u>127,986</u>	<u>143,070</u>

Retirement benefits are accruing to one director (1999: one) under a defined benefit pension scheme.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2000	1999
Management	3	3
Wholesale	44	44
Administrative	9	8
	<u>56</u>	<u>55</u>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	971,081	900,187
Social security costs	86,939	79,513
Other pension costs (see note 16)	3,473	3,330
	<u>1,061,493</u>	<u>983,030</u>

6 Taxation

	2000	1999
	£	£
UK corporation tax at 30.2% (1999: 31%) on the profit for the year on ordinary activities	148,397	112,095
Deferred taxation	(4,791)	(3,067)
	<u>143,606</u>	<u>109,028</u>

Notes (continued)

7 Tangible fixed assets

	Freehold Land and buildings £	Plant Machinery and Vehicles £	Fixtures and Fittings £	Total £
Cost or valuation				
At beginning of year	195,000	12,295	185,376	392,671
Additions	-	375	1,766	2,141
Revaluation	(45,000)	-	-	(45,000)
At end of year	150,000	12,670	187,142	349,812
Depreciation				
At beginning of year	-	11,313	143,916	155,229
Charge for year	-	333	31,370	31,703
At end of year	-	11,646	175,286	186,932
Net book value				
At 29 January 2000	150,000	1,024	11,856	162,880
At 31 January 1999	195,000	982	41,460	237,442

Particulars relating to revalued assets are given below:

The land and buildings were valued at market value in February 1997 by DB Tomlinson, F.R.I.C.S., of David Tomlinson & Co, Chartered Surveyors. This freehold property has been sold since the year end for the sum of £165,000 less expenses, which relates to the revised value shown above.

	2000 £	1999 £
Land and buildings		
At 1997 open market value	195,000	195,000
Revaluation in year	(45,000)	-
Net book value	150,000	195,000
Historical cost of revalued assets and historical cost net book value	76,109	76,109

8 Stocks

	2000 £	1999 £
Merchandise for resale	1,460,764	1,396,383

Notes (continued)

9 Debtors

	2000 £	1999 £
Trade debtors	861,570	761,351
Amounts due from parent and fellow subsidiary undertakings	4,738,699	4,286,340
Prepayments and accrued income	15,661	15,622
	<u>5,615,930</u>	<u>5,063,313</u>

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft	114,676	-
Trade creditors	41,511	35,520
Other creditors including taxation and social security:		
Corporation tax	273,410	237,399
Other taxes and social security	173,090	39,193
	<u>446,500</u>	<u>276,592</u>
Accruals and deferred income	86,120	32,719
Other creditors	2,124	-
	<u>690,931</u>	<u>344,831</u>

11 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2000 Provided £	1999 Provided £
Difference between accumulated depreciation and amortisation and capital allowances	10,208	5,417
	<u>10,208</u>	<u>5,417</u>

Notes (continued)

12 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
40,000 Ordinary shares of £1 each	40,000	40,000
60,000 Deferred shares of £1 each	60,000	60,000
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
6,000 Ordinary shares of £1 each	6,000	6,000
60,000 Deferred shares of £1 each	60,000	60,000
	<u>66,000</u>	<u>66,000</u>

The deferred shares of £1 each have no voting rights, no right to receive any distribution of profits in respect of any financial year ending prior to 1 January 2080 and rights upon a winding up of the company commencing prior to 1 January 2080 limited to 1p per share.

13 Reconciliation of movements in shareholders funds

	Share capital £	Profit and loss account £	Revaluation reserve £	Total £
Balance at beginning of year	66,000	6,207,668	101,553	6,375,221
Profit for the year	-	232,112	-	232,112
Revaluation in the year	-	-	(45,000)	(45,000)
Balance at end of year	<u>66,000</u>	<u>6,439,780</u>	<u>56,553</u>	<u>6,562,333</u>

14 Commitments

- (i) There were no capital commitments at the end of the financial year.
- (ii) Annual commitments under non-cancellable operating leases not relating to land and buildings are as follows:

	2000 £	1999 £
Operating leases which expire:		
Less than one year	15,424	23,774
In the second to fifth years inclusive	17,277	37,440
	<u>32,701</u>	<u>61,214</u>

Notes (continued)

15 Contingencies

The company has given bank guarantees of £80,000 in favour of HM Customs & Excise.

16 Pension scheme

The company operates defined benefit pension schemes. The pension charge for the year represents contributions payable by the company to the fund and amounted to £nil (1999: £nil) following a contribution holiday.

There is another pension scheme to which contributions were made in the year. This is a defined contribution scheme to which contributions in the year amounted to £3,473 (1999: £3,330).

There were no outstanding contributions at the year end (1999: £nil).

17 Ultimate holding company

The ultimate holding company is Signet Group plc registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Signet Group plc. The consolidated accounts of this group are available to the public and may be obtained from Zenith House, The Hyde, London, NW9 6EW.