

CL Edwards & Sons Limited

**Directors' report and financial
statements**

Registered number 717417

2 February 2002



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Directors report

The directors present their annual report and the audited financial statements for the 53 weeks ended 2 February 2002.

Principal activities

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

Business review

Turnover increased significantly over the year, as marketing incentives and improvements to the range led to an increase in market share.

Charitable donations

During the year charitable donations of £763 were paid consisting of various small amounts.

Results and dividends

The directors do not recommend the payment of a dividend. The profit for the year retained in the company is £142,753 (27 January 2001: £366,266).

Directors and directors' interests

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

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 2 February 2002 is disclosed in the financial statements of that company.

On 2 February 2002, the other directors held the following beneficial interest in the ordinary shares of Signet Group plc: JA Edwards 47,617 (27 January 2001: 2,029), DA Edwards 628 (27 January 2001: 628) and SL Cashman 38,409 (27 January 2001: 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 27 Jan 2001	Granted in year	Exercised in year	At 2 Feb 2002	Exercise price (pence)	Date at which exercisable	Expiry Date
JA Edwards	45,588	-	(45,588)	-	21.25	2002	2002
	-	19,000	-	19,000	50.00	2005	2005
DA Edwards	34,682	-	(34,682)	-	43.25	2001	2008
	18,235	-	(18,235)	-	21.25	2002	2002
	30,151	-	(30,151)	-	49.75	2002	2009
	9,687	-	-	9,687	40.00	2003	2003
	17,544	-	-	17,544	57.00	2003	2010
	4,613	-	-	4,613	42.00	2004	2004
	-	12,499	-	12,499	75.25	2004	2011
	-	7,600	-	7,600	50.00	2005	2005
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
	35,088	-	-	35,088	57.00	2003	2010
	-	26,578	-	26,578	75.25	2004	2011
	-	19,000	-	19,000	50.00	2005	2005

On 15 June 2001 Mr DA Edwards exercised 34,682 options at 43.25p per share, the market price of the share on that date being 79.75p. On 3 January 2002 Mr DA Edwards exercised 18,235 options at 21.25p per share, the market price of the shares on that date being 98.75p. On 18 April 2002 he exercised 30,151 options of 49.75p per share, the market price of the shares on that date being 127.50p.

On 3 January 2002 Mr JA Edwards exercised 45,588 shares at 21.15p per share, the market price of the shares on that date being 98.75p.

On 2 April 2001, Mr SL Cashman exercised 88,889 options at 33.75p per share, the middle market price of the shares on that date being 71.25p. On 22 January 2002, he exercised 45,588 shares at 21.25p per share, the middle market price of the shares on that date being 99.00p.

On 11 April 2002 share options at a price of £1.20 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 225,000; DA Edwards 12,499; SL Cashman 33,332.

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.

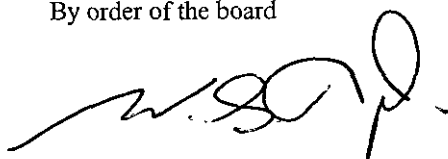
Directors' report

Directors and directors' interests (*continued*)

For the options granted in October 1997, April 1998, April 1999, May 2000, May 2001 and April 2002, 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 middle market price of the holding company's 0.5p ordinary shares on the London Stock Exchange was 103.5p on 2 February 2002. During the 53 weeks ended 2 February 2002, the middle market prices of such shares on the London Stock Exchange ranged between a low of 53p and a high of 109.25p.

By order of the board



WG Boyd
Director

Zenith House
The Hyde
London NW9 6EW

8 October 2002

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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PRESTON
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Independent auditor's report to the members of CL Edwards & Sons Limited

We have audited the financial statements on pages 6 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 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 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 2 February 2002 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

18 October 2002

Profit and loss account

for the 53 weeks ended 2 February 2002

	Note	2002 £	2001 £
Turnover (continuing operations)	2	6,295,304	5,538,022
Cost of sales		(5,400,317)	(4,567,771)
Gross profit		894,987	970,251
Administrative expenses		(667,802)	(475,371)
Profit on ordinary activities before taxation	3	227,185	494,880
Tax on profit on ordinary activities	6	(84,432)	(128,614)
Retained profit for the financial year		142,753	366,266
Retained profit brought forward		6,862,599	6,439,780
Transfer from revaluation reserve		-	56,553
Retained profit carried forward		7,005,352	6,862,599

Movement on reserves is given in note 13.

Statement of total recognised gains and losses

for the 53 weeks ended 2 February 2002

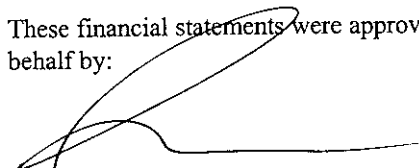
	2002 £	2001 £
Profit for the year	142,753	366,266
Transfer of realised profit on revaluation reserve	-	56,553
Total recognised gains and losses	142,753	422,819

Balance sheet

at 2 February 2002

	Note	2002	2001
		£	£
Fixed assets			
Tangible assets	7	77,034	69,400
Current assets			
Stocks	8	1,990,162	1,698,464
Debtors	9	4,894,573	5,323,803
Cash at bank and in hand		629,309	300,472
		<u>7,514,044</u>	<u>7,322,739</u>
Creditors: amounts falling due within one year	10	<u>(519,726)</u>	<u>(463,540)</u>
Net current assets		<u>6,994,318</u>	<u>6,859,199</u>
Net assets		<u>7,071,352</u>	<u>6,928,599</u>
Capital and reserves			
Called up share capital	12	66,000	66,000
Profit and loss account	13	7,005,352	6,862,599
Equity shareholders funds		<u>7,071,352</u>	<u>6,928,599</u>

These financial statements were approved by the board of directors on 8 October 2002 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.

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:

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

Government grants

Grants received for capital purchases are credited to deferred income and released over the life of the assets to which they relate as follows:

Short leasehold property	-	10 years
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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.

Notes (continued)

1 Accounting policies (continued)

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

Deferred tax is provided on a full provision basis without discounting, on all timing differences which have arisen but not reversed at the balance sheet date.

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.

2 Turnover

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

	2002	2001
	£	£
<i>Turnover by geographical market</i>		
UK	5,317,234	4,699,294
Other	978,070	838,728
	<u>6,295,304</u>	<u>5,538,022</u>

Notes (continued)

3 Profit on ordinary activities before taxation

	2002	2001
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration	8,500	8,000
Depreciation of tangible fixed assets all owned	14,863	10,323
Lease rentals: operating leases		
property	50,000	29,590
plant & machinery	71,133	33,636
<i>after crediting</i>		
Release of deferred grant	1,000	500

4 Remuneration of directors

	2002	2001
	£	£
Directors' emoluments:	94,419	118,580

Retirement benefits are accruing to one director (2001: one) under a defined benefit pension scheme.

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	
	2002	2001
Management	3	3
Wholesale	52	47
Administrative	12	10
	67	60

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	1,176,178	1,026,950
Social security costs	110,627	96,128
Other pension costs (see note 16)	3,762	3,473
	1,290,567	1,126,551

Notes (continued)

6 Taxation

	2002 £	2001 £
UK corporation tax at 30% (2001: 30%) on the profit for the year on ordinary activities	82,575	152,188
Adjustment in respect of previous years	(292)	(25,736)
Deferred taxation	2,149	2,162
	<u>84,432</u>	<u>128,614</u>
	2002 %	2001 %
UK statutory rates	30.0	30.0
Expenditure permanently disallowable for tax net of permanent undercharges	7.2	1.2
Overprovision in respect of previous periods	-	(5.2)
Difference between capital allowances and depreciation	(0.9)	(0.4)
	<u>36.3</u>	<u>25.6</u>
Current tax rate	0.9	0.4
Deferred tax rate	<u>37.2</u>	<u>26.0</u>

7 Tangible fixed assets

	Short leasehold improvements £	Plant machinery and vehicles £	Fixtures And Fittings £	Total £
Cost				
At beginning of year	53,360	2,250	146,028	201,638
Additions	-	337	22,808	23,145
Disposals	-	(1,317)	(1,674)	(2,991)
At end of year	<u>53,360</u>	<u>1,270</u>	<u>167,162</u>	<u>221,792</u>
Depreciation				
At beginning of year	2,668	1,078	128,492	132,238
Charge for year	5,336	636	8,891	14,863
On disposal	-	(845)	(1,498)	(2,343)
At end of year	<u>8,004</u>	<u>869</u>	<u>135,885</u>	<u>144,758</u>
Net book value				
At 2 February 2002	<u>45,356</u>	<u>401</u>	<u>31,277</u>	<u>77,034</u>
At 27 January 2001	<u>50,692</u>	<u>1,172</u>	<u>17,536</u>	<u>69,400</u>

Notes (continued)

8 Stocks

	2002 £	2001 £
Merchandise for resale	1,990,162	1,698,464

9 Debtors

	2002 £	2001 £
Trade debtors	870,633	941,376
Amounts due from parent and fellow subsidiary undertakings	3,981,197	4,353,149
Prepayments and accrued income	36,846	21,232
Deferred taxation (see note 11)	5,897	8,046
	<u>4,894,573</u>	<u>5,323,803</u>

10 Creditors: amounts falling due within one year

	2002 £	£	2001 £	£
Trade creditors		75,258		83,974
Other creditors including taxation and social security:				
Corporation tax	358,356		275,781	
Other taxes and social security	3,522		30,609	
		<u>361,878</u>		<u>306,390</u>
Accruals and deferred income		82,590		73,176
		<u>519,726</u>		<u>463,540</u>

11 Deferred taxation

The amounts provided for deferred taxation in respect of the difference between accumulated depreciation and amortisation and capital allowances are set out below:

	£
Deferred taxation asset at 27 January 2001	8,046
Charge for the period	(2,149)
Deferred taxation asset at 2 February 2002	<u>5,897</u>

Notes (continued)

12 Called up share capital

	2002 £	2001 £
<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 £	Total £
Balance at beginning of year	66,000	6,862,599	6,928,599
Profit for the year	-	142,753	142,753
Balance at end of year	<u>66,000</u>	<u>7,005,352</u>	<u>7,071,352</u>

14 Commitments

(i) There were no capital commitments at the end of the financial year.

(ii) Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land & Buildings £	Plant & Equipment £	Land & Buildings £	Plant & Equipment £
Operating leases which expire:				
In the second to fifth years inclusive	-	68,853	-	69,551
Over five years	50,000	-	50,000	-
	<u>50,000</u>	<u>68,853</u>	<u>50,000</u>	<u>69,551</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 participates in the group pension scheme which is a defined benefit scheme. The pension charge for the year represents contributions payable by the company to the fund and amounted to £nil (2001: £nil) following a contribution holiday.

The company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. Therefore, as permitted by FRS 17 'Retirement Benefits', the scheme will be accounted for by the company, when the accounting standard is fully adopted by the company, as if the Scheme was a defined contribution scheme. The net pension asset arising in the Scheme at 2 February 2002 is £17.4m, which would also be the increase in the net assets and reserves of Signet Group plc (excluding the reversal of SSAP 24 adjustments) if recognised in the current financial year. The full FRS 17 disclosure required for Signet Group plc are included in that company's financial statements.

The latest full actuarial valuation was carried out at 5 April 2000 and was updated for FRS 17 purposes to 5 April 2001 by a qualified independent actuary.

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 £3,762 (2001: £3,473).

There were no outstanding contributions at the year end (2001: £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.