

Ritz Fine Jewellery London
(registered number: 3766515)

Report of the directors and financial statements
For the year ended 31 December 2012

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Ritz Fine Jewellery London

Report of the directors for the year ended 31 December 2012 (registered number: 3766515)

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activities and business review

The principal activity of the company is the retailing of an exclusive brand of fine jewellery bearing the Ritz London mark

The results of the company for the year are set out in the profit and loss account on page 6

Future developments

The company will continue to develop the Ritz Fine Jewellery brand name and concentrate on maintaining and increasing sales to the fine jewellery market in a difficult retail environment

Directors

The directors of the company during the year ended 31 December 2012 and up to the date of signing the financial statements were

M Seal
A R Barclay
A S Barclay

Results and dividend

The loss for the year of £404,000 (2011 loss £428,000) has been transferred to reserves. The directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011 £nil)

Employees' involvement

The company has continued to maintain its commitment to employee involvement throughout the business

Employees are kept well informed of the performance and objectives of the company through personal briefings, regular meetings and e-mail

Ritz Fine Jewellery London

Report of the directors for the year ended 31 December 2012 (continued) (registered number: 3766515)

Equal opportunities

The company is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement

It is the company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

The company is responsive to the needs of its employees, customers and the community at large and are an organisation that endeavours to use everyone's talents and abilities to the full.

Creditor payment policy

For all trade creditors, it is the company's policy to

- agree the terms of payment at the start of business with the supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with its contractual and other legal obligations

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and accounting estimates that are reasonable and prudent,
- c) state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d) 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ritz Fine Jewellery London

Report of the directors for the year ended 31 December 2012 (continued) (registered number: 3766515)

Statement of directors' responsibilities (continued)

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Financial risk management

The company's activities expose it to a variety of risks, including price risk, credit risk and liquidity risk. The company's overall financial risk management objective is to minimise its potential adverse effects on the financial performance of the company.

(a) **Price risk**

The company is exposed to commodity price risk given the nature of its business that includes the sale of precious metals and minerals.

(b) **Credit risk**

Credit risk arises from credit sales processed. The company manages this risk by performing valid credit checks on each prospective customer.

(c) **Liquidity risk**

The company is exposed to liquidity risk by the continued losses being incurred over the previous financial years. The company is supported by Ellerman Investments Limited which ensures that sufficient funds are available for financing its working capital requirements.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



M Seal
Director
9 April 2013

Ritz Fine Jewellery London

Independent auditors' report to the members of Ritz Fine Jewellery London

We have audited the financial statements of Ritz Fine Jewellery London Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Ritz Fine Jewellery London

Independent auditors' report to the members of Ritz Fine Jewellery London (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon O'Brien (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place, London, WC2N 6RH
9 April 2013

Ritz Fine Jewellery London

Profit and loss account for the year ended 31 December 2012

	NOTE	2012 £'000	2011 £'000
Turnover		602	530
Cost of Sales		<u>(354)</u>	<u>(322)</u>
Gross Profit		248	208
Administrative expenses		<u>(651)</u>	<u>(635)</u>
Operating loss	2	(403)	(427)
Interest receivable and similar income		-	-
Interest payable and similar charges		<u>(1)</u>	<u>(1)</u>
Loss on ordinary activities before taxation		(404)	(428)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year	12, 13	(404)	(428)

The loss on ordinary activities for the financial year arises from the company's continuing operations

No separate statement of total recognised gains and losses has been presented as all gains and losses have been dealt with in the profit and loss account

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year and their historical cost equivalents

Ritz Fine Jewellery London

Balance sheet as at 31 December 2012 (registered number: 3766515)

	NOTE	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	6	15	20
Current assets			
Stocks	7	4,436	4,628
Debtors	8	25	116
Cash at bank and in hand		133	134
		<u>4,594</u>	<u>4,878</u>
Creditors amounts falling due within one year	10	<u>(348)</u>	<u>(233)</u>
Net current assets		<u>4,246</u>	<u>4,645</u>
Total assets less current liabilities		<u>4,261</u>	<u>4,665</u>
Capital and reserves			
Called up share capital	11	16,000	16,000
Profit and loss account	12	(11,739)	(11,335)
Total shareholders' funds	13	<u>4,261</u>	<u>4,665</u>

The financial statements on pages 6 to 16 were approved by the board of directors on 9 April 2013 and signed on its behalf by



M Seal
Director

Ritz Fine Jewellery London

Cash flow statement for the year ended 31 December 2012

	2012 £'000	2011 £'000
Net cash outflow from operating activities	(188)	(218)
Return on investments and servicing of finance		
Interest paid	(1)	(1)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(7)	(3)
	<u>(196)</u>	<u>(222)</u>
Financing		
Funds from/to fellow subsidiary undertaking	195	300
	<u>(1)</u>	<u>78</u>

Ritz Fine Jewellery London

Cash Flow Statement for the year ended 31 December 2012 (continued)

Reconciliation of operating profit to net cash outflow from operating activities

	2012 £'000	2011 £'000
Operating loss	(403)	(427)
Depreciation on tangible fixed assets	12	13
Decrease in stocks	192	184
(Increase)/decrease in debtors	91	(66)
(Decrease)/Increase in creditors	(80)	78
Net cash outflow from operating activities	(188)	(218)

Reconciliation of net cash flow to movement in funds

	2012 £'000	2011 £'000
(Decrease)/Increase in cash in the year	(1)	78
Funds at beginning of year	134	56
Funds at end of year	133	134

Analysis of changes in funds

	1 January 2012 £'000	Cash flows £'000	31 December 2012 £'000
Cash at bank and in hand	134	(1)	133

Ritz Fine Jewellery London

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom accounting standards, which have been applied on a consistent basis with the previous year. The principal accounting policies are set out below.

The financial statements have been prepared on a going concern basis which assumes that the company will continue to trade. The shareholders have indicated that they will continue to make sufficient funds available to ensure that the company will be able to trade for the foreseeable future. On this basis the directors consider the going concern basis of preparation is appropriate.

Turnover

Turnover, which excludes value added tax, represents sales of fine jewellery and is wholly earned in the United Kingdom. Revenue is recognised on the sale of an item of jewellery.

Tangible fixed assets and depreciation

Tangible fixed assets are measured at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their estimated useful working lives as follows:

Leasehold improvements	10% per annum (or period of the lease, if shorter)
Fixtures, fittings & equipment	15% per annum
Computer equipment	25% per annum

Taxation

Corporation tax is provided on taxable profits at the standard rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%).

Deferred tax is accounted for on an undiscounted basis at tax rates enacted or substantially enacted at the balance sheet date 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.

Stocks

Stocks are valued at the lower of historic cost and net realisable value. Each item is recorded individually and the valuation at historic cost includes expenses incurred making the stock available for sale. Where appropriate, provision is made for obsolete, slow moving and defective stock.

Foreign currency conversion

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the goods and services are delivered. Exchange gains or losses arising from the settlement of the trading transactions are included in the operating results.

Ritz Fine Jewellery London

Notes to the financial statements for the year ended 31 December 2012 (continued)

Pensions accounting policy

Contributions are made to the personal plans of certain employees. The expenditure is charged to the profit and loss account in the period to which it relates. The value of pension costs outstanding at the year end was £nil (2011: £nil).

Operating leases

The company has entered into operating lease agreements for the use of its premises in The Ritz. Rental expenses are recognised in the period in which the premises have been occupied.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

2 Operating loss is stated after charging

	2012 £'000	2011 £'000
Audit fees	-	-
Operating lease rentals	57	57
Depreciation	12	13
Staff costs (see note 4)	<u>390</u>	<u>382</u>

Auditors' remuneration for auditing services of £5,000 (2011 £5,000) is borne by the parent undertaking

3 Directors and employees

The directors of the company do not receive any emoluments for their services (2011 £nil)

4 Staff costs

	2012 Number	2011 Number
Average monthly number of full time equivalents (including part-time staff and excluding directors) employed		
Selling and administration	<u>5</u>	<u>6</u>

	2012 £'000	2011 £'000
Staff costs (including part-time staff) during the year		
Wages and salaries	313	331
Social security costs	39	39
Other pension costs	38	12
	<u>390</u>	<u>382</u>

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Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Tax on loss on ordinary activities

	2012 £'000	2011 £'000
Current tax		
United Kingdom corporation tax at 24.5% (2011: 26.5%)	-	-
Deferred tax		
Deferred tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The tax assessed for the year is different (2011: different) to the standard rate of corporation tax in the United Kingdom, 24.5% (2011: 26.5%). The differences are explained below:

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(404)	(428)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%)	(99)	(114)
Effects of:		
Expenses not deductible for tax purposes	-	1
Accelerated capital allowances and other timing differences	(1)	(1)
Group relief surrendered for nil consideration	100	114
	<hr/>	<hr/>
Current tax for the year	-	-
	<hr/>	<hr/>

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Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Tangible fixed assets

	Leasehold improvements £'000	Equipment, fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost or valuation				
At 1 January 2012	448	398	77	923
Additions	-	6	1	7
At 31 December 2012	448	404	78	930
Accumulated depreciation				
At 1 January 2012	447	381	75	903
Charge for the year	1	10	1	12
At 31 December 2012	448	391	76	915
Net book value at 31 December 2012	0	13	2	15
Net book value at 31 December 2011	1	17	2	20

7 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	23	26
Finished goods for resale	4,413	4,602
	4,436	4,628

8 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	5	49
Other debtors	5	4
Prepayments and accrued income	15	63
	25	116

Ritz Fine Jewellery London

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Deferred taxation

There are no deferred taxes recognised in the balance sheet. The potential deferred tax asset not recognised is as follows:

	2012 £'000	2011 £'000
Accelerated capital allowances	11	13
Losses carried forward	1,863	2,019
	<u>1,874</u>	<u>2,032</u>

10 Creditors, amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	5	13
Amount due to fellow subsidiary	295	100
VAT	19	20
Other creditors	7	7
Accruals and deferred income	22	93
	<u>348</u>	<u>233</u>

The amount due to fellow subsidiary is unsecured, interest free with no fixed terms for repayment.

11 Called up share capital

	2012 £'000	2011 £'000
Allotted and fully paid		
16,000,000 (2011: 16,000,000) ordinary shares of £1	<u>16,000</u>	<u>16,000</u>

12 Profit and loss account

	2012 £'000	2011 £'000
At 1 January	(11,335)	(10,907)
Loss for the financial year	<u>(404)</u>	<u>(428)</u>
At 31 December	<u>(11,739)</u>	<u>(11,335)</u>

Ritz Fine Jewellery London

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Loss for the financial year	(404)	(428)
Opening shareholders' funds	<u>4,665</u>	<u>5,093</u>
Closing shareholders' funds	<u>4,261</u>	<u>4,665</u>

14 Operating lease commitments

The company had annual commitments under non-cancellable operating leases as follows

	2012 £'000	2011 £'000
Land and Buildings		
Expiring after five years	<u>57</u>	<u>57</u>

15 Related party transactions

As all of the company's voting rights are controlled within the group headed by Ellerman Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group or are disclosed in the group financial statements

16 Ultimate controlling party

The immediate holding company is Ellerman Holdings Limited, a company incorporated in Jersey, which the directors regard as being ultimately controlled by the Sir David and Sir Frederick Barclay Family Settlements

B UK Limited, a company incorporated in Bermuda, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2012. Ellerman Holdings Limited is the smallest group of undertakings to consolidate these financial statements

