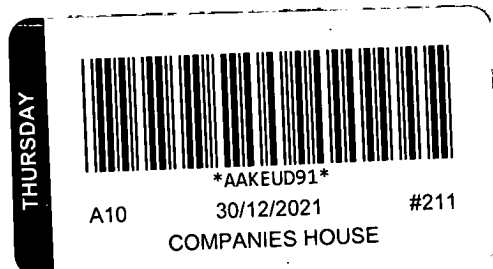


Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31 December 2020  
for  
Museum Selection Limited



Museum Selection Limited

Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2020

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Consolidated Income Statement	9
Consolidated Other Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Cash Flow Statement	16
Notes to the Consolidated Financial Statements	17
Consolidated Trading and Profit and Loss Account	34

Museum Selection Limited

Company Information  
for the Year Ended 31 December 2020

**DIRECTORS:**

C Gauci  
T Putt  
F McKee  
J Beale  
D Tuzzio  
S A Volkers  
A H A Osborn

**SECRETARY:**

F McKee

**REGISTERED OFFICE:**

The Old Stables  
Back Lane  
Aston  
Oxfordshire  
OX18 2DQ

**REGISTERED NUMBER:**

04800487 (England and Wales)

**SENIOR STATUTORY AUDITOR:** J Foskett

**AUDITORS:**

SKS Audit LLP  
3 Sheen Road  
Richmond Upon Thames  
TW9 1AD

Museum Selection Limited  
Group Strategic Report  
for the Year Ended 31 December 2020

The directors present their strategic report on the affairs of the company and the group Museum Selection Limited, for the year ended 31 December 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review is that of mail order and online sales of museum, art related and other merchandise.

**FINANCIAL RESULTS**

The financial results for the group for the year are set out on page 9. The profit for the financial year was £2,100,831(2019 - £196,276). In 2020, the directors did not declare or pay dividend (2019 - Nil). At 31 December 2020, the total shareholders' funds were £3,548,321 (2019 - £1,590,596).

**FINANCIAL KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business, the directors are of the opinion that analysis using any key performance indicators is not necessary for an understanding of the development, performance or position of the business.

**REVIEW OF BUSINESS**

On 1 January 2020, Museum Selection acquired 100% of the equity of Pia Jewellery Direct Ltd. Consolidated sales in 2020 were £29,499,755. This represented an increase of 24.5% compared to 2019 combined sales of £23,686,188 for Museum Selection Ltd and Pia Jewellery Ltd.

This strong growth across the business was helped by increased customer response rates and order values resulting from the closure of retail shops during the Covid-19 lockdown. Similar increases were evident across both our UK and overseas markets, principally Germany and France. The excellent sales figure was achieved despite supply chain challenges resulting in lack of stock to meet the unexpectedly high demand, which also put our fulfilment partner under strain delivering orders particularly during the busy Christmas season. As a result, we had to cancel all direct marketing activity in December.

Orders placed through the internet increased to 38.7% (2019 33.3%) during the year, enabling increased efficiencies in the business.

We continued to improve gross margin rates during the year, primarily a reduction in discount offers where demand exceeded supply of stock. Part of this gain was however eroded by increased shipping costs.

Marketing costs were reduced during the year, with increased use of the internet and a reduction in December marketing, while increased back orders arising from late stock deliveries increased our fulfilment costs.

The resulting total comprehensive income for the year 2020 was a very satisfactory £1,956,931, with a year end cash balance of £7,222,909. The combined profit of Museum Selection Ltd and Pia Jewellery Limited for 2019 was £441,451. The combined cash balances for Museum Selection Ltd and Pia Jewellery Ltd at 31 December 2019 totalled to £2,403,236.

**FUTURE DEVELOPMENT AND PERFORMANCE**

The Directors consider that the sharp increase in the number of customers and greater cash balances achieved in 2020 provide a strong base for continued expansion.

While acquisition of new customers has slowed in 2021 from 2020 levels with retail shops reopened, the customers acquired in 2020 have continued to buy and at similar levels. The result for 2021 will therefore be very positive, notwithstanding the serious challenges presented by Brexit during the year.

The policy of the company continues to be to continue to grow the business across all marketing channels and markets, while increasing the percentage of sales achieved over the internet. The company will also aim to increase efficiencies in all its operations, internally and through its external partners. To this end the Directors will continue to pay particular attention to building and strengthening its management team as necessary.

Museum Selection Limited

Group Strategic Report  
for the Year Ended 31 December 2020

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors consider the principal risks and uncertainties are those of a general nature, particularly the continuing pandemic, the short and long-term impact of Brexit, the political risks to the company's supply chain particularly in the Far East, and macro-economic conditions in the company's principal markets including increases in interest rates.

The company intends to mitigate these risks as far as it can. We shall continue to closely follow Covid-19 guidance so that the company's operations remain unaffected. All necessary steps will be taken to continue to mitigate the effects of Brexit as far as possible, and to diversify the company's supply chain geographically where this is feasible. Importantly the Directors intend to continue to run the business free of debt and maintain its financial resilience with ample cash balances in the face of the above uncertainties.

In conclusion the Directors would like to thank the staff of the company for their unwavering loyalty and hard work during an unprecedentedly challenging year.

**ON BEHALF OF THE BOARD:**



J Beale - Director

22 December 2021

Museum Selection Limited

Report of the Directors  
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2020.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

C Gauci  
T Putt  
F McKee  
J Beale

Other changes in directors holding office are as follows:

D Tuzzio - appointed 4 June 2020  
S A Volkers - appointed 6 August 2020  
A H A Osborn - appointed 17 February 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, 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 elected to prepare 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

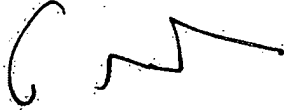
Museum Selection Limited

Report of the Directors  
for the Year Ended 31 December 2020

**AUDITORS**

SKS Audit LLP, were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**ON BEHALF OF THE BOARD:**



J Beale - Director

22 December 2021

Report of the Independent Auditors to the Members of  
Museum Selection Limited

**Opinion**

We have audited the financial statements of Museum Selection Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's profit 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



Report of the Independent Auditors to the Members of  
Museum Selection Limited

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of  
Museum Selection Limited

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

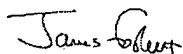
Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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.



J Foscett (Senior Statutory Auditor)  
for and on behalf of SKS Audit LLP  
3 Sheen Road  
Richmond Upon Thames  
TW9 1AD

22 December 2021

Museum Selection Limited

Consolidated  
Income Statement  
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
<b>TURNOVER</b>	3	29,499,755	19,402,461
Cost of sales		(24,277,620)	(16,597,656)
<b>GROSS PROFIT</b>		5,222,135	2,804,805
Administrative expenses		(2,578,371)	(2,563,200)
<b>OPERATING PROFIT and PROFIT BEFORE TAXATION</b>		2,643,764	241,605
Tax on profit	8	(542,933)	(45,329)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,100,831	196,276
Profit attributable to: Owners of the parent		2,100,831	196,276

The notes form part of these financial statements

Museum Selection Limited

Consolidated  
Other Comprehensive Income  
for the Year Ended 31 December 2020

Notes	2020 £	2019 £
<b>PROFIT FOR THE YEAR</b>	2,100,831	196,276
<b>OTHER COMPREHENSIVE INCOME</b>		
Stocks fair value movements on acq'n	(143,900)	-
Income tax relating to other comprehensive income	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	(143,900)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	1,956,931	196,276
Total comprehensive income attributable to: Owners of the parent	1,956,931	196,276

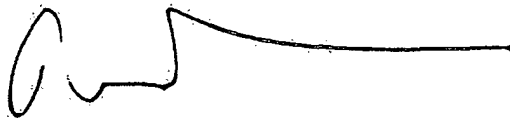
The notes form part of these financial statements

Museum Selection Limited (Registered number: 04800487)

Consolidated Balance Sheet  
31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	10	31,642	-
Tangible assets	11	77,589	81,955
Investments	12	-	-
		<u>109,231</u>	<u>81,955</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,744,219	1,758,742
Debtors	14	587,582	967,197
Cash at bank and in hand		7,222,909	2,132,354
		<u>9,554,710</u>	<u>4,858,293</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(6,115,620)	(3,349,652)
<b>NET CURRENT ASSETS</b>		<u>3,439,090</u>	<u>1,508,641</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,548,321</u>	<u>1,590,596</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	525	525
Capital redemption reserve	18	475	475
Share based payment reserves	18	794	-
Retained earnings	18	3,546,527	1,589,596
<b>SHAREHOLDERS' FUNDS</b>		<u>3,548,321</u>	<u>1,590,596</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2021 and were signed on its behalf by:



J Beale - Director

The notes form part of these financial statements.

Museum Selection Limited (Registered number: 04800487)

Company Balance Sheet  
31 December 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	10		
Tangible assets	11	67,632	81,955
Investments	12	5,937	
		<u>73,569</u>	<u>81,955</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,348,279	1,758,742
Debtors	14	559,839	967,197
Cash at bank and in hand		6,484,172	2,132,354
		<u>8,392,290</u>	<u>4,858,293</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(5,037,156)	(3,349,652)
<b>NET CURRENT ASSETS</b>		<u>3,355,134</u>	<u>1,508,641</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,428,703</u>	<u>1,590,596</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	525	525
Capital redemption reserve	18	475	475
Share based payment reserves	18	794	-
Retained earnings	18	3,426,909	1,589,596
<b>SHAREHOLDERS' FUNDS</b>		<u>3,428,703</u>	<u>1,590,596</u>
Company's profit for the financial year		<u>1,837,313</u>	<u>196,276</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2021 and were signed on its behalf by:

  
Director

The notes form part of these financial statements

Museum Selection Limited

Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Share based payment reserves £	Total equity £
<b>Balance at 1 January 2019</b>	525	1,393,320	475	-	1,394,320
<b>Changes in equity</b>					
Total comprehensive income	-	196,276	-	-	196,276
<b>Balance at 31 December 2019</b>	525	1,589,596	475	-	1,590,596
<b>Changes in equity</b>					
Total comprehensive income	-	1,956,931	-	794	1,957,725
<b>Balance at 31 December 2020</b>	525	3,546,527	475	794	3,548,321

The notes form part of these financial statements

Museum Selection Limited

Company Statement of Changes in Equity  
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Share based payment reserves £	Total equity £
<b>Balance at 1 January 2019</b>	525	1,393,320	475	-	1,394,320
<b>Changes in equity</b>					
Total comprehensive income	-	196,276	-	-	196,276
<b>Balance at 31 December 2019</b>	525	1,589,596	475	-	1,590,596
<b>Changes in equity</b>					
Total comprehensive income	-	1,837,313	-	794	1,838,107
<b>Balance at 31 December 2020</b>	525	3,426,909	475	794	3,428,703

The notes form part of these financial statements



Museum Selection Limited

Consolidated Cash Flow Statement  
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	5,175,122	161,867
Tax paid		(45,329)	(23,309)
Net cash from operating activities		<u>5,129,793</u>	<u>138,558</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(39,112)	(55,652)
Purchase of fixed asset investments		(5,907)	-
Net cash from investing activities		<u>(45,019)</u>	<u>(55,652)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		1,250	-
Amount introduced by directors		4,531	-
Net cash from financing activities		<u>5,781</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>		<u>5,090,555</u>	<u>82,906</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,132,354	2,049,448
<b>Cash and cash equivalents at end of year</b>	2	<u><u>7,222,909</u></u>	<u><u>2,132,354</u></u>

The notes form part of these financial statements

Museum Selection Limited

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Profit before taxation	2,643,764	241,605
Depreciation charges	75,929	42,940
Gain on revaluation of fixed assets	(143,900)	-
Share based payment	794	-
	<hr/>	<hr/>
	2,576,587	284,545
Decrease in stocks	14,523	232,573
Decrease in trade and other debtors	382,285	216,294
Increase/(decrease) in trade and other creditors	2,201,727	(571,545)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<u><u>5,175,122</u></u>	<u><u>161,867</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2020**

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	7,222,909	2,132,354
	<hr/>	<hr/>

**Year ended 31 December 2019**

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	2,132,354	2,049,448
	<hr/>	<hr/>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	2,132,354	5,090,555	7,222,909
	<hr/>	<hr/>	<hr/>
	2,132,354	5,090,555	7,222,909
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<u><u>2,132,354</u></u>	<u><u>5,090,555</u></u>	<u><u>7,222,909</u></u>

The notes form part of these financial statements

Museum Selection Limited

Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2020

**1. STATUTORY INFORMATION**

Museum Selection Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**BASIS OF PREPARING THE FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

**GOING CONCERN**

These financial statements are prepared on the going concern basis. With the combination of cost cutting and continual development of its customer base, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

**BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate those of Museum Selection Limited and its subsidiary (ie entity that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiary acquired during the year is consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

**RELATED PARTY EXEMPTION**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The company may issue share options to certain employees. The company calculate share based payments using the fair value of the shares on the grant date, and recognises an expense net of forfeitures based on the number of shares expected to vest, on a straight line basis over the requisite service period.

The company estimates the fair value for share options awards using entity-specific observable market data obtained through a recent independent valuation of the entity or its principal assets.

**TURNOVER**

Turnover represents sales of goods net of VAT and trade discounts. Turnover is recognised when the goods are physically delivered to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

**INTANGIBLE ASSETS**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Brands in the accounts are recognised on consolidation and is being amortised evenly over its useful economic life of 5 years.

**INTANGIBLE FIXED ASSETS - GOODWILL**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill in the accounts are recognised on consolidation and is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**FIXED ASSET INVESTMENT**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**2. ACCOUNTING POLICIES - continued**

**TANGIBLE FIXED ASSETS**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less residual values over the useful life on the following basis:

Fixtures, fittings & equipment - 20% on cost/ over 3 to 5 years useful economic life

Computer equipment - 33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**IMPAIRMENT OF FIXED ASSETS**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**STOCKS**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

**TAXATION**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**DEFERRED TAX**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**FOREIGN EXCHANGE**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**2. ACCOUNTING POLICIES - continued**

**LEASING COMMITMENTS**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**EMPLOYEE BENEFITS**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**RETIREMENT BENEFITS**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**SHARE BASED PAYMENTS**

The company may issue share options to certain employees. This is treated as share based payments under section 26 of FRS 102 as equity-settled transaction. The fair value of equity-settled based payment to employees is determined at the date of grant and is expensed on a straight line basis over the vesting period based on the company's estimate of shares or options that will eventually vest.

The fair value is based on entity-specific observable market data obtained through a recent independent valuation of the entity or its principal assets.

**EQUITY INSTRUMENTS**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.



Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**2. ACCOUNTING POLICIES - continued**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**FINANCIAL INSTRUMENTS**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

3. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
E-commerce,telephone,mailorder	29,138,506	19,052,793
List rental	361,249	349,668
	<u>29,499,755</u>	<u>19,402,461</u>

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**3. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	22,495,173	15,108,237
Overseas	7,004,582	4,294,224
	<u>29,499,755</u>	<u>19,402,461</u>

**4. EMPLOYEES AND DIRECTORS**

	2020 £	2019 £
Wages and salaries	1,176,390	1,055,072
Social security costs	126,820	108,772
Other pension costs	73,149	50,454
	<u>1,376,359</u>	<u>1,214,298</u>

The average number of employees during the year was as follows:

	2020	2019
Average no. of employees	<u>28</u>	<u>26</u>

**5. DIRECTORS' EMOLUMENTS**

	2020 £	2019 £
Directors' remuneration	<u>323,232</u>	<u>200,873</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020	2019
Defined benefit schemes	<u>4</u>	<u>2</u>

Information regarding the highest paid director is as follows:

	2020 £	2019 £
Emoluments etc	<u>119,229</u>	<u>104,131</u>

The company pension contributions to the highest paid director's defined contribution schemes for the year totalled to £1,613 (2019 - £30,865).

No director exercised any options during the year.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2020	2019
	£	£
Other operating leases	44,883	45,279
Depreciation - owned assets	68,016	42,940
Goodwill amortisation	911	-
Brands amortisation	7,000	-
Foreign exchange differences	16,414	61,717
	<u>16,414</u>	<u>61,717</u>

**7. AUDITORS' REMUNERATION**

	2020	2019
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	18,375	9,500
Total audit fees	<u>18,375</u>	<u>9,500</u>

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	435,933	45,329
Deferred tax	107,000	-
Tax on profit	<u>542,933</u>	<u>45,329</u>

UK corporation tax has been charged at 19%.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**8. TAXATION - continued**

**RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>2,643,764</u>	<u>241,605</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	502,315	45,905
Effects of:		
Expenses not deductible for tax purposes	1,295	1,839
Capital allowances in excess of depreciation	-	(2,415)
Depreciation in excess of capital allowances	4,735	-
Utilisation of tax losses	(74,485)	-
Deferred tax	107,000	-
Amortisation on Intangible assets recognised on consolidation	1,503	-
Fixed asset eliminated on consolidation	570	-
Total tax charge	<u>542,933</u>	<u>45,329</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	2020 Tax £	Net £
Stocks fair value movements on acq'n	<u>(143,900)</u>	<u>-</u>	<u>(143,900)</u>

**9. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

10. **INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Goodwill</b>	<b>Brands</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>			
Additions	4,553	35,000	39,553
At 31 December 2020	4,553	35,000	39,553
<b>AMORTISATION</b>			
Amortisation for year	911	7,000	7,911
At 31 December 2020	911	7,000	7,911
<b>NET BOOK VALUE</b>			
At 31 December 2020	3,642	28,000	31,642

The above intangible assets was recognised on acquisition of the subsidiary company. They are recorded at fair value on acquisition date.

11. **TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>			
At 1 January 2020	150,918	231,254	382,172
Additions	4,716	34,396	39,112
At 31 December 2020	155,634	265,650	421,284
<b>DEPRECIATION</b>			
At 1 January 2020	115,390	160,289	275,679
Charge for year	19,703	48,313	68,016
At 31 December 2020	135,093	208,602	343,695
<b>NET BOOK VALUE</b>			
At 31 December 2020	20,541	57,048	77,589
At 31 December 2019	35,528	70,965	106,493

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

11. **TANGIBLE FIXED ASSETS - continued**

**Company**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2020	15,032	231,254	246,286
Additions	4,716	34,396	39,112
	<hr/>	<hr/>	<hr/>
At 31 December 2020	19,748	265,650	285,398
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 January 2020	4,042	160,289	164,331
Charge for year	5,122	48,313	53,435
	<hr/>	<hr/>	<hr/>
At 31 December 2020	9,164	208,602	217,766
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 December 2020	10,584	57,048	67,632
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019	10,990	70,965	81,955
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. **FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
Additions	5,937
	<hr/>
At 31 December 2020	5,937
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2020	5,937
	<hr/> <hr/>

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

12. **FIXED ASSET INVESTMENTS - continued**

The company acquired 5,937 ordinary shares (being 100% ordinary shares) in Pia Jewellery Direct Limited, a company incorporated in United Kingdom, at £1 each on midnight 1 January 2020.

The subsidiary's book value net liabilities at acquisition totalled to £177,516 as follows:

Tangible assets £24,538

Current assets £734,101

Current liabilities (£936,155)

The subsidiary's fair value net assets recognised at acquisition totalled to £1,384 as follows:

Tangible assets £24,538

Intangible assets £35,000

Current assets £878,001

Current liabilities (£936,155)

The principal activity of the company is that of sale of jewellery through telephone, mail order and online sales.

The subsidiary's results have been included in the consolidated accounts.

13. **STOCKS**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Stocks	<u>1,744,219</u>	<u>1,758,742</u>	<u>1,348,279</u>	<u>1,758,742</u>

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	336,606	470,113	335,145	470,113
Amounts owed by group undertakings	-	-	25,036	-
Other debtors	30,670	31,920	30,670	31,920
Amounts owed by related parties	-	169,742	-	169,742
Corporation tax recoverable	2,671	-	-	-
Prepayments and accrued income	<u>217,635</u>	<u>295,422</u>	<u>168,988</u>	<u>295,422</u>
	<u>587,582</u>	<u>967,197</u>	<u>559,839</u>	<u>967,197</u>



Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	2,967,605	1,840,936	2,507,544	1,840,936
Corporation tax	435,933	45,329	435,933	45,329
PAYE/NI liability	32,346	279	30,259	279
VAT	537,169	320,460	425,142	320,460
Other creditors	81,703	67,768	78,772	67,768
Amounts due to related parties	873,045	801,936	741,841	801,936
Payment on advance	238,369	-	203,147	-
Directors' current accounts	188,134	-	4,531	-
Accruals and deferred income	761,316	272,944	609,987	272,944
	<u>6,115,620</u>	<u>3,349,652</u>	<u>5,037,156</u>	<u>3,349,652</u>

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Non-cancellable operating leases</b>	
	2020	2019
	£	£
Within one year	45,000	44,648
Between one and five years	45,000	89,883
	<u>90,000</u>	<u>134,531</u>

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
1,900	'A' ordinary shares	0.25	475	475
200	'C' ordinary shares	0.25	50	50
			<u>525</u>	<u>525</u>

'A' ordinary shares - There are no restrictions on the distribution of dividends and the repayment of capital.

'C' ordinary shares - There are no restriction on the distribution of dividends and the repayment of capital. Carries no voting rights.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

18. **RESERVES**

**Group**

	Retained earnings £	Capital redemption reserve £	Share based payment reserves £	Totals £
At 1 January 2020	1,589,596	475	-	1,590,071
Profit for the year	2,100,831	-	-	2,100,831
Movements in the year	(143,900)	-	794	(143,106)
At 31 December 2020	<u>3,546,527</u>	<u>475</u>	<u>794</u>	<u>3,547,796</u>

**Company**

	Retained earnings £	Capital redemption reserve £	Share based payment reserves £	Totals £
At 1 January 2020	1,589,596	475	-	1,590,071
Profit for the year	1,837,313	-	-	1,837,313
Movements in the year	-	-	794	794
At 31 December 2020	<u>3,426,909</u>	<u>475</u>	<u>794</u>	<u>3,428,178</u>

**Retained earnings**

Retained earnings comprises the distributable reserves recognised in the preceding year less any dividends declared. The total of such profits brought forward and the profit for the year constitute the total distributable reserves, that is the maximum amount available for distribution to the shareholders.

**Capital redemption reserves**

Capital redemption reserves was created in relation to the repurchase of company's shares.

**Share based reserves**

Share based reserves comprises the cumulative value of services received from employees recorded on grant of equity settled share options. The expense for service received is recognised over the vesting period. The amount in the share based payment reserve is retained when the options are exercised or expire.

19. **ULTIMATE CONTROLLING PARTY**

The company is controlled by John Beale, a director and majority shareholder.

Museum Selection Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2020

**20. RELATED PARTY DISCLOSURES**

During the year the company traded with the following companies on a commercial basis :-

- Management charges totalling £25,851 (2019 - £ 72,179) payable to Ardington Services Limited, a company controlled by John Beale who is also a director of Museum Selection Limited
- Accountancy charges of £68,779 (2019 - £64,995) payable to F M Consulting Services Limited, a company controlled by Francis McKee who is also a director and secretary of Museum Selection Limited.
- Purchases totalling £5,047,357 (2019 - £3,704,847) made from Zoom Fulfilment Services Limited, a company controlled by John Beale who is also a director of Museum Selection Limited.
- Sales totalling £2,100 (2019 - £25,523) made to Zoom Fulfilment Services Limited.

At the year end the related parties' balances are as follows. These balances are payable within one year.

- £25,036 (2019 - £169,742) owed by Pia Jewellery Direct Limited.
- £742,076 (2019 - £676,271) owed to Zoom Fulfilment Services Limited.
- £Nil (2019 - £125,665) owed to Ardington Services Limited.

**21. POST BALANCE SHEET EVENTS**

During the year end, the Coronavirus (COVID-19) has emerged globally resulting in a significant impact on businesses worldwide. As a result, some business operations have been restricted, however the company continues to operate using alternative methods and remote working.

The directors are unable to evaluate the overall financial impact on the business at present. Hence financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The directors are continuing to monitor, assess and act to the current changing environment in order to position the company to ensure its future success.

**22. SHARE BASED PAYMENT TRANSACTIONS**

On 12 March 2020, the company granted options to one employee to subscribe for 114 non voting 'C' ordinary shares of £0.25 each in the company under the terms of an Enterprise Management Incentive Scheme at an exercise price of £88 per share.

The options may only be exercised on the takeover, flotation, winding up of the company, before the tenth anniversary 12 March 2020 or earlier at the discretion of the directors. The options shall not be exercisable on or after the tenth anniversary.

**23. RETIREMENT BENEFIT SCHEMES**

The group operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds.

The charge to the income statement in respect of defined contribution pension scheme was £73,512 (2019 - £18,401).