

**THE CARAT SHOP LIMITED**

**UNAUDITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 2017**

**THE CARAT SHOP LIMITED**  
**REGISTERED NUMBER: 05719733**

**BALANCE SHEET**  
**AS AT 28 FEBRUARY 2017**

	Note	28 February 2017 £	29 February 2016 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets		5,454	3,541
		<u>5,454</u>	<u>3,541</u>
<b>CURRENT ASSETS</b>			
Stocks	4	517,301	55,000
Debtors: amounts falling due within one year	5	149,786	44,107
Cash at bank and in hand		87,579	5,160
		<u>754,666</u>	<u>104,267</u>
Creditors: amounts falling due within one year	6	(427,211)	(93,046)
		<u>327,455</u>	<u>11,221</u>
<b>NET CURRENT ASSETS</b>		<u>327,455</u>	<u>11,221</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>332,909</u>	<u>14,762</u>
Creditors: amounts falling due after more than one year		(1,052)	(11,483)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	9	(1,036)	(533)
		<u>(1,036)</u>	<u>(533)</u>
<b>NET ASSETS</b>		<u><u>330,821</u></u>	<u><u>2,746</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		2	2
Profit and loss account		330,819	2,744
		<u><u>330,821</u></u>	<u><u>2,746</u></u>

**THE CARAT SHOP LIMITED**  
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**BALANCE SHEET (CONTINUED)**  
**AS AT 28 FEBRUARY 2017**

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 November 2017.

**Mrs A L May**

Director

The notes on pages 3 to 9 form part of these financial statements.

# THE CARAT SHOP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

### 1. GENERAL INFORMATION

The Carat Shop Limited is a private company limited by shares incorporated in England within the United Kingdom. The address of the registered office is Kingstons Farm, Unit 23, Downhall Road, Matching Green, Harlow, Essex, CM17 0RB. The company is not part of a group.

### 2. ACCOUNTING POLICIES

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### 2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	-	25%	reducing balance
Office equipment	-	33%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.13 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

THE CARAT SHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. EMPLOYEES

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Total	<u>7</u>	<u>2</u>

THE CARAT SHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017

4. STOCKS

	28 February 2017 £	29 February 2016 £
Finished goods and goods for resale	517,301	55,000
	<u>517,301</u>	<u>55,000</u>

5. DEBTORS

	28 February 2017 £	29 February 2016 £
Trade debtors	138,748	44,107
Other debtors	3,722	-
Prepayments and accrued income	7,316	-
	<u>149,786</u>	<u>44,107</u>

6. CREDITORS: Amounts falling due within one year

	28 February 2017 £	29 February 2016 £
Bank loans	5,583	-
Trade creditors	86,971	51,561
Corporation tax	95,281	-
Other taxation and social security	116,833	18,635
Other creditors	4,280	22,850
Accruals and deferred income	118,263	-
	<u>427,211</u>	<u>93,046</u>

7. CREDITORS: Amounts falling due after more than one year

	28 February 2017 £	29 February 2016 £
Bank loans	1,052	11,483
	<u>1,052</u>	<u>11,483</u>



THE CARAT SHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017

8. LOANS

	28 February 2017 £	29 February 2016 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	5,583	-
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>		
Bank loans	1,052	11,483
	<u>6,635</u>	<u>11,483</u>

9. DEFERRED TAXATION

	2017 £	2016 £
At beginning of year	(533)	-
Charged to profit or loss	(503)	(533)
<b>AT END OF YEAR</b>	<u>(1,036)</u>	<u>(533)</u>

The provision for deferred taxation is made up as follows:

	28 February 2017 £	29 February 2016 £
Accelerated capital allowances	(1,036)	(533)
	<u>(1,036)</u>	<u>(533)</u>

10. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £51 (2016 - £Nil).

**THE CARAT SHOP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017**

**11. RELATED PARTY TRANSACTIONS**

As at 1 March 2016, the Company owed Mrs A May £9,786. During the year, Mrs A May paid expenses of £475 on behalf of the Company and the Company paid expenses of £21,408 on behalf of Mrs A May. Dividends totalling £14,520 were also paid out. As at 28 February 2017, the amount owed to Mrs A May was £3,373.

As at 1 March 2016, the Company owed Mrs C Reilly £9,786. During the year, the Company paid expenses of £23,399 on behalf of Mrs C Reilly. Dividends totalling £14,520 were also paid out. As at 28 February 2017, the amount owed to Mrs C Reilly was £907.

The loans are interest free and repayable on demand.

**12. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.