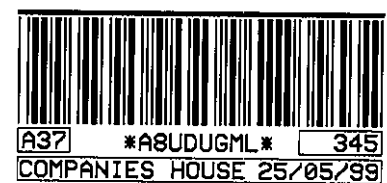


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BLACKACRE JEWELLERS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JANUARY 1999



BLACKACRE JEWELLERS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 JANUARY 1999

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Trading and Profit and Loss Account

BLACKACRE JEWELLERS LIMITED

Page 1

COMPANY INFORMATION

Director P R Gauntlett

Secretary Mrs V P Gauntlett

Registered Office Meridian House
62 Station Road
North Chingford
London E4 7BA

Accountants French and Company
Chartered Accountants
Meridian House
62 Station Road
North Chingford
London E4 7BA

Bankers Lloyds Bank PLC
South Chingford Branch
49 Old Church Road
London E4 6SW

Company Registration Number 2881113 (England and Wales)

Date of Incorporation 15 December 1993

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 JANUARY 1999

The director presents his report and the financial statements of the Company for the year ended 31 January 1999.

PRINCIPAL ACTIVITY

The Company's principal activity continues to be that of jewellers.

DIRECTOR

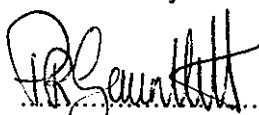
The director who served during the year and his beneficial interest in the Company's issued ordinary share capital was:

	<u>Number of shares</u>	
	<u>At 31 January 1999</u>	<u>At 31 January 1998</u>
P R Gauntlett	1	1

SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

This report was approved by the board on 14 May 1999 and signed on its behalf.


.....
P R Gauntlett
Director

ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS
TO THE DIRECTOR OF
BLACKACRE JEWELLERS LIMITED

Page 3

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 January 1999 set out on pages 4 to 8 and you consider that the company is exempt from an audit. In accordance with your instructions we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A handwritten signature in cursive script that reads "French & Company".

14 May 1999

FRENCH AND COMPANY
Chartered Accountants

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 1999

	Notes	£	<u>1998</u> £
TURNOVER	1,2	288,459	259,543
Cost of sales		143,720	141,991
GROSS PROFIT		144,739	117,552
Administrative expenses		111,414	106,450
OPERATING PROFIT	3	33,325	11,102
Interest receivable and similar income		72	29
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,397	11,131
Taxation on profit on ordinary activities	4	7,876	2,933
RETAINED PROFIT FOR THE YEAR		25,521	8,198
Retained profit brought forward		13,128	4,930
RETAINED PROFIT CARRIED FORWARD		38,649	13,128
		=====	=====

The notes on pages 6 to 8 form part of these financial statements.

BLACKACRE JEWELLERS LIMITED

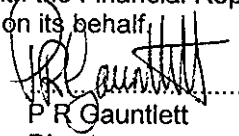
Page 5

BALANCE SHEET AS AT 31 JANUARY 1999

	Notes	£	1998 £
FIXED ASSETS			
Tangible assets	5	1,711	8,719
CURRENT ASSETS			
Stocks		129,771	99,090
Debtors	6	3,077	2,979
Cash at bank and in hand		635	1,605
CREDITORS - DUE WITHIN ONE YEAR	7	133,483 96,541	103,674 99,261
NET CURRENT ASSETS		36,942	4,413
TOTAL ASSETS LESS CURRENT LIABILITIES		38,653	13,132
CAPITAL AND RESERVES			
Called up share capital	8	4	4
Profit and loss account		38,649	13,128
SHAREHOLDERS' FUNDS		38,653	13,132

The director considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the Company's issued share capital have not issued a notice requiring an audit. The director acknowledges his responsibilities for ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985 and for preparing financial statements which give a true and fair view of the state of affairs of the Company as at 31 January 1999 and of its result for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the Company.

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and in accordance with the Financial Reporting Standard for Smaller Entities were approved by the board on 14 May 1999 and signed on its behalf.


P R Gauntlett
Director

The notes on pages 6 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, net of Value Added Tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided in equal amounts each year to write off the cost of fixed assets over their anticipated useful lives. Estimated useful lives are:

Equipment	5 years
-----------	---------

(d) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

(e) Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

2. TURNOVER

All of the company's turnover was within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING RESULTS

The operating results are stated
after charging:

Depreciation of tangible fixed
Assets - owned by the Company
Director's emoluments

	£	<u>1998</u> £
	7,008	6,797
	-	-

4. TAXATION

Charge for taxation based on
the result for the year:

Corporation Tax at 21%
(1997 - 24%/21%)

	£	<u>1998</u> £
	7,876	2,933
	=====	=====

5. TANGIBLE FIXED ASSETS

COST

At beginning of year
Additions
Disposals

<u>Equipment</u> £
35,040
-
-

At end of year

35,040

DEPRECIATION

At beginning of year
Charge for the year
Disposals

26,321
7,008
-

At end of year

33,329

NET BOOK VALUES

At end of year

1,711
=====

At beginning of year

8,719
=====

NOTES TO THE FINANCIAL STATEMENTS

6. DEBTORS - DUE WITHIN ONE YEAR		<u>1998</u>
	£	£
Other debtors	3,077	2,979
	=====	=====
7. CREDITORS - DUE WITHIN ONE YEAR		<u>1998</u>
	£	£
Bank overdraft	141	-
Trade creditors	39,410	33,866
Corporation Tax	9,808	2,933
Social Security and other taxes	1,777	2,221
Other creditors	45,405	60,241
	-----	-----
	96,541	99,261
	=====	=====
8. SHARE CAPITAL		<u>1998</u>
	£	£
Ordinary shares of £1 each		
Authorised	1,000	1,000
	=====	=====
Allotted, called up and fully paid	4	4
	=====	=====

9. RELATED PARTY TRANSACTIONS

The company operates from premises in which the director, P R Gauntlett has a major interest and which are let under normal commercial terms. The director also has a major interest in Michel Herbelin UK Limited, which supplied goods for resale of £2,797 (1998 - £4,135) during the year on normal trade terms, and which rented premises of the company for £6,500 (1998 - nil) and to whom £6,919 (1998 - £7,704) was owed at the end of the year.