# LESLIE DAVIS LIMITED

**Directors' report and financial statements**

**29 January 2011**

**Company No: 3769521**

WEDNESDAY

*AUKP8VS8*

A29 13/07/2011 154

COMPANIES HOUSE

# Directors' report and financial statements

*Contents* *Page*

| | |
|---|---|
| Directors and advisors | 1 |
| Directors' report | 2 – 3 |
| Statement of Directors' responsibilities in respect of the Directors' report and the financial statements | 4 |
| Independent Auditors' report to the members of Leslie Davis Limited | 5 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8 - 15 |

## Directors and Advisors

| | |
|---|---|
| **Directors:** | K C Pratt<br>M A Jenkins |
| **Secretary:** | M A Jenkins |
| **Registered office:** | 15 Golden Square<br>London<br>W1F 9JG |
| **Auditors** | KPMG Audit Plc<br>15 Canada Square<br>London<br>E14 5GL |

# Directors' report

The Directors present their directors' report and the financial statements for the 52 week period ended 29 January 2011

**Directors and Directors' interests**
The Directors who served during the period were
M A Jenkins
K C Pratt (appointed 25 June 2010)
W G Boyd (resigned 25 June 2010)

No Director had any beneficial interest in the share capital of the Company during the period (2010 nil)

**Business review and principal activities**

The principal activity of the Company continues to be the retailing of jewellery, watches and associated services in the United Kingdom and Republic of Ireland

As shown in the Company's profit and loss account on page 6, the Company's turnover has decreased by 7 6% (2010 2 6%) on the prior year and operating profit has decreased by 305 8% (2010 36 8%)

The Signet Jewelers Group manages its operations on a divisional basis The Company's Directors therefore believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the UK division of the Signet Group, which includes the Company, is discussed in the Group's Annual Report which does not form part of this Report

**Dividends**

Dividends paid during the period were £3 0m (2010 £nil)

**Principal risks and uncertainties**

The Directors seek to build an increasingly profitable business by exploiting the Company's strengths and, at the same time, managing the risks to the Company. Such risks include
The potential impact of changes to the economy,
The price and availability of raw materials,
The potential threat represented by competitors,
The loss of key personnel,
The potential impact of reputation and marketing,
The high levels of seasonality, and
The continued popularity of the stores' retail locations

Debtor balances owed are primarily due from other Group companies who are able to repay these if required.

**Political and charitable contributions**

The Company made no charitable or political contributions during the period (2010 £nil)

## Directors' report *(continued)*

### Environment

The direct environmental impact of the Company is judged to be relatively low compared to many business sectors and to other retailers. Notwithstanding Signet takes its environmental performance seriously and seeks opportunities to improve it The Group has been implementing eco-efficiency initiatives to reduce energy use since 2003 and continues to assess further opportunities to minimise resource use

### Employment policies

The Company keeps its employees informed of all matters affecting their interests through normal management channels and through store, area and regional management meetings These meetings facilitate consultation during which the views of employees can be expressed and taken into account in making decisions likely to affect their interests Staff are also kept informed of the Company's performance and objectives through management contact supplemented by staff publications

The involvement of employees in the Company's performance is encouraged where appropriate through participation in performance-related incentive payment schemes The Company's policy is to provide equal opportunities to its employees Full and fair consideration is given to the employment, opportunities for training, career development and promotion of people with disabilities according to their skills and capacity The services of any existing employee who becomes disabled are retained and appropriate training is arranged for them wherever possible.

### Supplier payment policy

The number of days' purchases outstanding at 29 January 2011 was 19 days (2010 5 days) Terms and conditions for the conduct of business transactions are agreed with individual suppliers and it is Group policy to ensure that payments are made in accordance with these terms

### Disclosure of information to auditors

Each of the Directors at the date hereof confirms that

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board,

**M A Jenkins**
*Director*
5 July 2011

15 Golden Square,
London,
W1F 9JG

## Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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
• select suitable accounting policies and then apply them consistently,
• make judgments and estimates that are reasonable and prudent,
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
• 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG

# Independent auditor's report to the members of Leslie Davis Limited

We have audited the financial statements of Leslie Davis Limited for the 52 weeks ended 29 January 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 an auditor's report 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

**Respective responsibilities of directors and auditor**
As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 (APB's) Ethical Standards for Auditors

**Scope of the audit of the financial statements**
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

**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 29 January 2011 and of its loss for the period then ended
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**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

Mike Maloney

**Mike Maloney (Senior Statutory Auditor)**
**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants
15 Canada Square
London,
EC14 5GL

5 July 2011

## Profit and loss account
for the 52 weeks ended 29 January 2011

| | Notes | 52 weeks ended 29 January 2011 £000 | 52 weeks ended 30 January 2010 £000 |
|---|---|---|---|
| **Turnover** | 2 | **18,114** | 19,613 |
| Cost of sales | | **(16,603)** | (17,440) |
| **Gross profit** | | **1,511** | 2,173 |
| Administrative expenses | | **(1,904)** | (1,982) |
| **Operating (loss)/profit** | | **(393)** | 191 |
| Interest receivable and similar income | 6 | **245** | 170 |
| **(Loss)/profit on ordinary activities before taxation** | 3 | **(148)** | 361 |
| Tax on (loss)/profit on ordinary activities | 7 | **(46)** | (205) |
| **(Loss)/profit for the financial period** | 16 | **(194)** | 156 |

The results shown above are in respect of continuing operations There were no gains or losses recognised other than those in the profit and loss account for either period

The notes on pages 8 to 15 form part of these financial statements

## Balance sheet
at 29 January 2011

| | Notes | 2011 £000 | 2011 £000 | 2010 £000 | 2010 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Goodwill | 9 | **5,401** | | 5,654 | |
| Tangible fixed assets | 10 | **880** | | 1,136 | |
| | | | **6,281** | | 6,790 |
| **Current assets** | | | | | |
| Stocks | 11 | **5,846** | | 5,592 | |
| Debtors * | 12 | **4,543** | | 7,508 | |
| Cash at bank and in hand | | **6** | | 7 | |
| | | **10,395** | | 13,107 | |
| **Creditors:** amounts falling due within one year | 13 | **(1,009)** | | (1,036) | |
| **Net current assets** | | | **9,386** | | 12,071 |
| **Net assets** | | | **15,667** | | 18,861 |
| **Capital and reserves** | | | | | |
| Called up share capital | 15 | | **14,463** | | 14,463 |
| Profit and loss account | 16 | | **1,204** | | 4,398 |
| **Shareholders' funds** | | | **15,667** | | 18,861 |

* Debtors and net current assets include amounts recoverable after more than one year of £101,000 (2010 £97,000)

The notes on pages 8 to 15 form part of these financial statements

These financial statements were approved by the Board of Directors on 5 July 2011 and were signed on its behalf by

**M A Jenkins**
*Director*
*Company No 3769521*

# Notes to the financial statements

## 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements in the current and preceding period

*Basis of preparation*
The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

*Going concern*
The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

*Goodwill*
Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate net assets required) is amortised on a straight line basis over 33 years, representing its estimated useful economic life

This has been determined after taking account of the nature and quality of the business acquired and the maturity and stability of the market in which it operates

*Depreciation*
Premiums paid to acquire short leasehold properties are amortised over the lease period (up to 25 years) Depreciation on other fixed assets is provided on a straight line basis at the following rates

| | |
|---|---|
| Plant, machinery and motor vehicles - | 10% or 20% per annum |
| Fixtures and fittings - | up to 33 1/3% per annum |

*Leases*
Rental charges payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease Provision is made for future net lease obligations in respect of onerous leases of vacant, partially vacant or sublet properties

**Notes *(continued)***

## 1. Accounting policies (continued)

*Foreign currencies*
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

*Pension costs*
The Company participates in a defined benefit pension scheme, which provides benefits based on members' salaries at retirement The assets are held by the Trustees of the scheme and are completely separate from the Company

Financial Reporting Standard 17 'Retirement Benefits' was applied in the consolidated accounts of the ultimate holding Company for the 52 week period to 29 January 2011 All those who work within the business are employed by a fellow Group undertaking This fellow Group undertaking applies the requirements of Financial Reporting Standard 17 Employment costs in respect of those persons who work within the business are recharged to Leslie Davis Limited The pension cost is assessed in accordance with the advice of qualified actuaries.

*Dividends on shares presented within shareholders' funds*
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

*Stocks*
Stocks are stated at the lower of cost and net realisable value Cost is calculated on a weighted average basis and includes an appropriate proportion of attributable overheads Provision is made for obsolete, slow moving or defective items

*Turnover*
Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period Repair revenues are recognised when the service is complete and the merchandise is delivered to the customer

*Cost of sales*
Cost of sales includes the cost of goods and shop costs

*Taxation*
The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19

Notes *(continued)*

## 2. Turnover and profit on ordinary activities before taxation

All turnover and profits before taxation are derived from the Company's continuing principal activity as a retailer of jewellery, watches and associated services in the United Kingdom

## 3. (Loss)/profit on ordinary activities before taxation

| | **2011** | 2010 |
|---|---|---|
| | **£000** | £000 |
| (Loss)/profit on ordinary activities before taxation is stated after charging | | |
| Depreciation | **284** | 621 |
| Amortisation of goodwill | **253** | 253 |
| Auditors' remuneration – statutory audit | **9** | 9 |
| Rentals payable under operating leases. | | |
| Land and buildings | **2,393** | 2,417 |
| Plant, machinery and motor vehicles | **14** | 16 |

The auditors received no remuneration for any non-audit services in either period

## 4. Remuneration of Directors

None of the Directors received any remuneration from the Company during the period (2010.£nil)

## 5. Staff numbers and costs

Legally the Company has no employees with all those who work within the business employed by a fellow Group undertaking All employment costs in respect to those persons who work within the business are recharged to Leslie Davis Limited The weekly average numbers of persons who work within the business and their cost to the Company are as follows

| | **Number of employees 2011** | Number of employees 2010 |
|---|---|---|
| Management | **1** | 1 |
| Distribution and sales | **105** | 112 |
| | **106** | 113 |

Notes *(continued)*

## 5. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Wages and salaries | **1,918** | 2,097 |
| Social security costs | **146** | 165 |
| Pension costs | **50** | 56 |
| | **2,114** | 2,318 |

## 6. Interest receivable and similar income

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Interest receivable on amounts owed by Group undertakings | **245** | 170 |

## 7. Taxation

| | 2011 £000 | 2010 £000 |
|---|---|---|
| UK corporation tax charge for the period | **66** | 294 |
| Adjustment in respect of previous periods | **(16)** | (28) |
| Deferred tax (credit)/charge | **(4)** | (61) |
| | **46** | 205 |

| | 2011 % | 2010 % |
|---|---|---|
| UK statutory tax rates | **(28.0)** | 28 0 |
| Expenditure permanently disallowable for tax, net of permanent undercharges | **68.7** | 34 0 |
| Adjustment in respect of previous periods | **(11.8)** | (5 2) |
| Other timing differences | **4.9** | 16 9 |
| Current tax rate | **33.8** | 73 7 |
| Deferred tax rate | **(4.9)** | (16 9) |
| Effect of change of tax rate on deferred tax balances | **2.2** | - |
| Effective tax rate in the accounts | **31.1** | 56 8 |

Notes *(continued)*

## 8. Dividends

Dividend paid on ordinary shares £3.0m (2010 £nil)

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2010 £nil)

## 9. Goodwill

| | £000 |
|---|---|
| *Cost* | |
| At 30 January 2010 and 29 January 2011 | **8,435** |
| *Amortisation* | |
| At 30 January 2010 | 2,781 |
| Amortisation for the period | 253 |
| At 29 January 2011 | **3,034** |
| *Net book value* | |
| At 29 January 2011 | **5,401** |
| At 30 January 2010 | 5,654 |

## 10. Tangible fixed assets

| | Short leasehold | Plant, machinery and vehicles | Fixtures and fittings | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Cost** | | | | |
| At 30 January 2010 | 135 | 39 | 3,152 | 3,326 |
| Additions | - | - | 37 | 37 |
| Disposals | - | - | (11) | (11) |
| At 29 January 2011 | **135** | **39** | **3,178** | **3,352** |
| **Depreciation** | | | | |
| At 30 January 2010 | 94 | 32 | 2,064 | 2,190 |
| Charge for the period | 8 | 5 | 271 | 284 |
| Disposals | - | - | (2) | (2) |
| At 29 January 2011 | **102** | **37** | **2,333** | **2,472** |
| **Net book value** | | | | |
| **At 29 January 2011** | **33** | **2** | **845** | **880** |
| At 30 January 2010 | 41 | 7 | 1,088 | 1,136 |

Notes *(continued)*

## 11. Stocks

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Goods held for resale | **5,846** | 5,592 |

## 12. Debtors

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Amounts due from Group undertakings | **3,931** | 6,877 |
| Prepayments and accrued income | **511** | 534 |
| Recoverable within one year | **4,442** | 7,411 |
| Deferred taxation (see note 14) | **101** | 97 |
| | **4,543** | 7,508 |

## 13. Creditors: amounts falling due within one year

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Amounts owed to Group undertakings | **-** | - |
| Corporation tax | **361** | 597 |
| Other taxes and social security | **-** | - |
| Accruals and deferred income | **648** | 439 |
| | **1,009** | 1,036 |

## 14. Deferred taxation

The deferred taxation asset is comprised as follows

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Difference between accumulated depreciation and capital allowances | **101** | 92 |
| Short-term timing differences | **-** | 5 |
| | **101** | 97 |

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 29 January 2011 has been included in the figures above

Notes *(continued)*

## 14. Deferred taxation (continued)

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 The effect of the rate reduction has no material impact on the deferred tax asset above

| | £000 |
|---|---|
| At 30 January 2010 | 97 |
| Credit for the period | 4 |
| At 29 January 2011 | **101** |

## 15. Called up share capital

| | 2011 £ | 2010 £ |
|---|---|---|
| *Allotted, called up and fully paid* | | |
| 14,462,596 ordinary shares of £1 each | **14,462,596** | 14,462,596 |

## 16. Profit and loss account

| | £000 |
|---|---|
| Profit and loss account at 30 January 2010 | 4,398 |
| Profit for the financial period | (194) |
| Dividends | (3,000) |
| **Profit and loss account at 29 January 2011** | **1,204** |

## 17. Pension costs

The Company participates in the Signet Group defined benefit pension scheme ('the Scheme'), which provides benefits based on members' salaries at retirement The assets are held by the Trustees of the Scheme and are completely separate from the Company The Company is unable to identify its share of the Scheme assets and liabilities on a consistent and reasonable basis Therefore, as permitted by Financial Reporting Standard 17 'Retirement Benefits', the Scheme is accounted for by the Company as if the Scheme was a defined contribution scheme

Legally the Company has no employees with all those who work within the business employed by a fellow Group undertaking Employment costs in respect to those persons who work within the business are recharged to Leslie Davis Limited

The net pension asset arising in the Scheme at 29 January 2011 was £14 4m (2010 £3 0m liability) The full FRS 17 disclosures required are included in the financial statements of Signet Trading Limited, a fellow Group undertaking An actuarial valuation of the Group Scheme was carried out as at 5 April 2009 Results of that valuation have been updated to 29 January 2011 by an independent qualified actuary The next actuarial valuation will be carried out as at 5 April 2012

Notes *(continued)*

## 18. Commitments

Annual commitments under non-cancellable operating leases are as follows

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | **Land & buildings £000** | **Other £000** | Land & buildings £000 | Other £000 |
| Operating leases which expire | | | | |
| Within one year | - | - | 124 | - |
| In the second to fifth years inclusive | **702** | - | 809 | - |
| After more than five years | **1,470** | - | 1,399 | - |
| | **2,172** | - | 2,332 | - |

## 19. Related party transactions

As the Company is a wholly owned subsidiary of Signet Trading Limited and the Company's voting rights are controlled within the group headed by Signet Jewelers Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Signet Jewelers Limited, within which this Company is included, can be obtained from the address given in note 20

## 20. Ultimate holding Company

The ultimate parent company of the Group is Signet Jewelers Limited, a company incorporated in Bermuda under the Companies Act 1981 of Bermuda The financial statements of Signet Jewelers Limited which consolidate the results of Leslie Davis Limited are available to the public and may be obtained from 15 Golden Square, London W1F 9JG or at www signetjewelers com