

LESLIE DAVIS LIMITED

Directors' report and financial statements

For the 52 week period ended 28 January 2012

Company No: 3769521

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Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and advisors	1
Directors' report	2 – 3
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent Auditor's 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
M A Jenkins

Secretary: M A Jenkins

Registered office: 15 Golden Square
London
W1F 9JG

Auditors KPMG Audit Plc
15 Canada Square
London
E14 5GL

Directors' report

The Directors present their directors' report and the financial statements for the 52 week period ended 28 January 2012

Directors and Directors' interests

The Directors who served during the period were:

M A Jenkins

K C Pratt

No Director had any beneficial interest in the share capital of the Company during the period (2011 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 3.0% (2011 7.6%) on the prior year and operating loss has increased by 123.9%

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 £nil (2011 £3.0m).

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 (2011 £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 28 January 2012 was 22 days (2011: 19 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 auditor

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 auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board,

15 Golden Square
London,
W1F 9JG



K C Pratt
Director

6 September 2012

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

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

We have audited the financial statements of Leslie Davis Limited for the 52 week ended 28 January 2012 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 28 January 2012 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

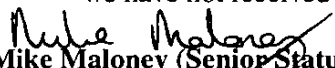
Opinion on other matter prescribed by the Companies Act 2006

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

Chartered Accountants
15 Canada Square,
London,
E14 5GL

6 September 2012

Profit and loss account
 for the 52 week ended 28 January 2012

	Notes	52 week ended 28 January 2012 £000	52 week ended 29 January 2011 £000
Turnover	2	17,573	18,114
Cost of sales		<u>(16,471)</u>	<u>(16,603)</u>
Gross profit		1,102	1,511
Administrative expenses		<u>(1,982)</u>	<u>(1,904)</u>
Operating loss		(880)	(393)
Interest receivable and similar income	6	<u>144</u>	<u>245</u>
Loss on ordinary activities before taxation	3	(736)	(148)
Tax credit/(charge) on loss on ordinary activities	7	<u>98</u>	<u>(46)</u>
Loss for the financial period	16	<u><u>(638)</u></u>	<u><u>(194)</u></u>

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 28 January 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Goodwill	9	5,148	5,401
Tangible fixed assets	10	<u>721</u>	<u>880</u>
		5,869	6,281
Current assets			
Stocks	11	5,702	5,846
Debtors *	12	3,902	4,543
Cash at bank and in hand		<u>4</u>	<u>6</u>
		9,608	10,395
Creditors: amounts falling due within one year	13	<u>(448)</u>	<u>(1,009)</u>
Net current assets		9,160	9,386
Net assets		<u>15,029</u>	<u>15,667</u>
Capital and reserves			
Called up share capital	15	14,463	14,463
Profit and loss account	16	<u>566</u>	<u>1,204</u>
Shareholders' funds		<u>15,029</u>	<u>15,667</u>

* Debtors and net current assets include amounts recoverable after more than one year of £132,000 (2011 £101,000)

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

These financial statements were approved by the Board of Directors on 6 September 2012 and were signed on its behalf by



K C Pratt
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 plan, which provides benefits based on members' salaries at retirement. The assets are held by the Trustees of the plan and are completely separate from the Company.

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.

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 on ordinary activities before taxation

	2012	2011
	£000	£000
Loss on ordinary activities before taxation is stated after charging		
Depreciation	421	284
Amortisation of goodwill	253	253
Auditor's remuneration – statutory audit	8	9
Rentals payable under operating leases		
Land and buildings	2,434	2,393
Plant, machinery and motor vehicles	28	14

The auditor 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 (2011 £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 2012	Number of employees 2011
Management	1	1
Distribution and sales	80	105
	81	106

Notes (continued)

5. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Wages and salaries	1,825	1,918
Social security costs	136	146
Pension costs	53	50
	<u>2,014</u>	<u>2,114</u>

6. Interest receivable and similar income

	2012 £000	2011 £000
Interest receivable on amounts owed by Group undertakings	<u>144</u>	<u>245</u>

7. Taxation

	2012 £000	2011 £000
UK corporation tax (credit)/charge for the period	(51)	66
Adjustment in respect of previous periods	(16)	(16)
Deferred tax credit	<u>(31)</u>	<u>(4)</u>
	<u>(98)</u>	<u>46</u>

	2012 %	2011 %
UK statutory tax rates	(26.3)	(28.0)
Expenditure permanently disallowable for tax, net of permanent undercharges	13.9	68.7
Adjustment in respect of previous periods	(2.0)	(11.8)
Other timing differences	<u>5.3</u>	<u>4.9</u>
Current tax rate	(9.1)	33.8
Deferred tax rate	(5.3)	(4.9)
Effect of change of tax rate on deferred tax balances	<u>1.1</u>	<u>2.2</u>
Effective tax rate in the accounts	<u>(13.3)</u>	<u>31.1</u>

Notes (continued)

8. Dividends

Dividend paid on ordinary shares £nil (2011 £3 0m).

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2011 £nil)

9. Goodwill

	£000
<i>Cost</i>	
At 29 January 2011 and 28 January 2012	<u>8,435</u>
<i>Amortisation</i>	
At 29 January 2011	3,034
Amortisation for the period	<u>253</u>
At 28 January 2012	<u>3,287</u>
<i>Net book value</i>	
At 28 January 2012	<u>5,148</u>
At 29 January 2011	<u>5,401</u>

10. Tangible fixed assets

	Short leasehold £000	Plant, machinery and vehicles £000	Fixtures and fittings £000	Total £000
Cost				
At 29 January 2011	135	39	3,178	3,352
Additions	-	-	262	262
Disposals	<u>(13)</u>	<u>(4)</u>	<u>(422)</u>	<u>(439)</u>
At 28 January 2012	<u>122</u>	<u>35</u>	<u>3,018</u>	<u>3,175</u>
Depreciation				
At 29 January 2011	102	37	2,333	2,472
Charge for the period	21	2	398	421
Disposals	<u>(13)</u>	<u>(4)</u>	<u>(422)</u>	<u>(439)</u>
At 28 January 2012	<u>110</u>	<u>35</u>	<u>2,309</u>	<u>2,454</u>
Net book value	12	0	709	721
At 28 January 2012	<u>12</u>	<u>0</u>	<u>709</u>	<u>721</u>
At 29 January 2011	<u>33</u>	<u>2</u>	<u>845</u>	<u>880</u>

Notes (continued)

11. Stocks

	2012	2011
	£000	£000
Goods held for resale	<u>5,702</u>	<u>5,846</u>

12. Debtors

	2012	2011
	£000	£000
Amounts due from Group undertakings	2,971	3,931
Prepayments and accrued income	19	511
Other debtors	<u>780</u>	<u>-</u>
Recoverable within one year	3,770	4,442
Deferred taxation (see note 14)	<u>132</u>	<u>101</u>
	<u>3,902</u>	<u>4,543</u>

13. Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to Group undertakings	104	-
Corporation tax	16	361
Accruals and deferred income	<u>328</u>	<u>648</u>
	<u>448</u>	<u>1,009</u>

14. Deferred taxation

The deferred taxation asset is comprised as follows:

	2012	2011
	£000	£000
Difference between accumulated depreciation and capital allowances	130	101
Short-term timing differences	<u>2</u>	<u>-</u>
	<u>132</u>	<u>101</u>

On 23 March 2011 the Chancellor announced that the main rate of UK corporation tax will reduce to 26% with effect from 1 April 2011, then 25%, with effect from 1 April 2012. These tax changes were enacted on 19 July 2011 and therefore their effect, on the deferred tax balances as at 28 January 2012 has been included in the figures above.

Notes (continued)

Deferred taxation (continued)

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012. The effect of the rate reduction has no material impact on the deferred tax asset above

	£000
At 29 January 2011	101
Credit for the period	31
At 28 January 2012	<u>132</u>

15. Called up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
14,462,596 ordinary shares of £1 each	<u>14,462,596</u>	<u>14,462,596</u>

16. Profit and loss account

	£000
Profit and loss account at 29 January 2011	1,204
Loss for the financial period	(638)
Profit and loss account at 28 January 2012	<u>566</u>

17. Pension costs

The Company participates in the Signet Group defined benefit pension plan ('the Plan'), which provides benefits based on members' salaries at retirement. The assets are held by the Trustees of the Plan and are completely separate from the Company. The Company is unable to identify its share of the Plan assets and liabilities on a consistent and reasonable basis. Therefore, as permitted by Financial Reporting Standard 17 'Retirement Benefits', the Plan is accounted for by the Company as if the Plan 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 28 January 2012 was £15.7m (2011 £14.4m asset). 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 28 January 2012 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

	2012	2011
	Land & buildings £000	Land & buildings £000
Operating leases which expire		
Within one year	188	-
In the second to fifth years inclusive	321	702
After more than five years	1,263	1,470
	<u>1,772</u>	<u>2,172</u>

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