



**MICHAEL JAMES (JEWELLERS)  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2002

Company no SC87513

**MICHAEL JAMES (JEWELLERS) LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 March 2002

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Company registration number: SC87513

Registered office: 4 Argyll Arcade  
Glasgow  
G2 8BA

Director: M J McCann

Secretary: N J McCann

Bankers: The Clydesdale Bank

Solicitors: Biggart Baillie

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants

# MICHAEL JAMES (JEWELLERS) LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2002

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# MICHAEL JAMES (JEWELLERS) LIMITED

## REPORT OF THE DIRECTOR

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The director presents his report together with financial statements for the year ended 31 March 2002.

### Principal activities

The company is principally engaged in the retailing of jewellery.

### Business review

There was a profit for the year after taxation amounting to £71,221 (2001: profit £4,596). These results are as expected by the director. A dividend of £30,000 being 30 pence per share has been proposed.

### Director

The present membership of the Board is set out below. The director served throughout the year.

The interests of the director and his family in the shares of the company as at 31 March 2002 and 1 April 2001, were as follows:

|            | Ordinary shares |              |
|------------|-----------------|--------------|
|            | 31 March 2002   | 1 April 2001 |
| M J McCann | 100,000         | 100,000      |

### Acquisition of company's own shares

40,000 shares of £1 each, representing 28.5% of the company's called up share capital, were acquired during the year for a total consideration of £80,000 in order to buy out a minority shareholding.

### Director's responsibilities for the financial statements

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MICHAEL JAMES (JEWELLERS) LIMITED

REPORT OF THE DIRECTOR

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**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Director

Date

10 July 2002

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

**MICHAEL JAMES (JEWELLERS) LIMITED**

We have audited the financial statements of Michael James (Jewellers) Limited for the year ended 31 March 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the director and auditors**

The directors' responsibilities for preparing the director's report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

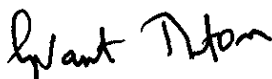
**Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

Date 10 July 2002

# MICHAEL JAMES (JEWELLERS) LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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### BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives or, if held under a finance lease, over the lease term, whichever is the shorter. The rates generally applicable are:

|                       |                              |
|-----------------------|------------------------------|
| Leasehold property    | Over the period of the lease |
| Display               | Straight line over 3 years   |
| Motor vehicles        | Straight line over 4 years   |
| Fixtures and fittings | 15% on cost                  |
| Computer equipment    | Straight line over 4 years   |

### STOCKS

Stocks are stated at the lower of cost and net realisable value.

### DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### CONTRIBUTIONS TO PENSION FUNDS

#### Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

### LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

# MICHAEL JAMES (JEWELLERS) LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2002

|                                                      | Note      | 2002<br>£      | 2001<br>£      |
|------------------------------------------------------|-----------|----------------|----------------|
| <b>Turnover</b>                                      |           | 1,274,948      | 1,050,199      |
| Cost of sales                                        |           | (657,028)      | (518,665)      |
| <b>Gross profit</b>                                  |           | <b>617,920</b> | <b>531,534</b> |
| Selling and Distribution costs                       |           | (226,679)      | (192,261)      |
| Administrative expenses                              |           | (303,634)      | (320,580)      |
| <b>Operating profit</b>                              |           | <b>87,607</b>  | <b>18,693</b>  |
| Other interest receivable and similar income         | 2         | 292            | 234            |
| Interest payable and similar charges                 | 2         | (4,568)        | (8,457)        |
| <b>Profit on ordinary activities before taxation</b> | <b>1</b>  | <b>83,331</b>  | <b>10,470</b>  |
| Tax on profit on ordinary activities                 | 4         | (12,110)       | (5,874)        |
| <b>Profit for the financial year</b>                 | <b>13</b> | <b>71,221</b>  | <b>4,596</b>   |
| Dividends                                            | 5         |                |                |
| Equity                                               |           | (30,000)       | -              |
| <b>Profit transferred to reserves</b>                | <b>12</b> | <b>41,221</b>  | <b>4,596</b>   |

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

# MICHAEL JAMES (JEWELLERS) LIMITED

## BALANCE SHEET AT 31 MARCH 2002

|                                                                | Note | 2002<br>£      | 2002<br>£      | 2001<br>£      | 2001<br>£      |
|----------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
| <b>Fixed assets</b>                                            |      |                |                |                |                |
| Tangible assets                                                | 6    |                | 103,047        |                | 71,529         |
| <b>Current assets</b>                                          |      |                |                |                |                |
| Stocks                                                         | 7    | 451,727        |                | 398,750        |                |
| Debtors                                                        | 8    | 11,152         |                | 60,969         |                |
| Cash at bank and in hand                                       |      | 121,455        |                | 84,124         |                |
|                                                                |      | <u>584,334</u> |                | <u>543,843</u> |                |
| <b>Creditors: amounts falling due within one year</b>          | 9    | (396,378)      |                | (299,632)      |                |
| <b>Net current assets</b>                                      |      |                | <u>187,956</u> |                | <u>244,211</u> |
| <b>Total assets less current liabilities</b>                   |      |                | <u>291,003</u> |                | <u>315,740</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 10   |                | (54,383)       |                | (40,341)       |
|                                                                |      |                | <u>236,620</u> |                | <u>275,399</u> |
| <b>Capital and reserves</b>                                    |      |                |                |                |                |
| Called up share capital                                        | 11   |                | 100,000        |                | 140,000        |
| Share premium account                                          | 12   |                | 40,000         |                | 40,000         |
| Capital Redemption reserve                                     | 12   |                | 40,000         |                | -              |
| Profit and loss account                                        | 12   |                | 56,620         |                | 95,399         |
| <b>Shareholders' funds</b>                                     | 13   |                | <u>236,620</u> |                | <u>275,399</u> |

The financial statements were approved by the Director on 10 July 2002

*[Signature]*  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

# MICHAEL JAMES (JEWELLERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

|                                                                              |        |        |
|------------------------------------------------------------------------------|--------|--------|
| The profit on ordinary activities is stated after:                           | 2002   | 2001   |
|                                                                              | £      | £      |
| Auditors' remuneration                                                       | 5,775  | 5,500  |
| Depreciation and amortisation:                                               |        |        |
| Tangible fixed assets, owned                                                 | 18,494 | 26,178 |
| Tangible fixed assets, held under finance leases and hire purchase contracts | 15,747 | 14,750 |
| Hire of plant and machinery                                                  | 620    | 1,990  |
| Director emoluments                                                          | 66,392 | 70,686 |

### 2 NET INTEREST

|                                              |       |       |
|----------------------------------------------|-------|-------|
|                                              | 2002  | 2001  |
|                                              | £     | £     |
| Finance charges in respect of finance leases | 1,391 | 1,731 |
| Other interest payable and similar charges   | 3,177 | 6,726 |
|                                              | 4,568 | 8,457 |
| Other interest receivable and similar income | (292) | (234) |
|                                              | 4,276 | 8,223 |

### 3 DIRECTOR AND EMPLOYEES

|                                              |         |         |
|----------------------------------------------|---------|---------|
| Staff costs during the year were as follows: | 2002    | 2001    |
|                                              | £       | £       |
| Wages and salaries                           | 224,347 | 213,110 |
| Social security costs                        | 18,130  | 18,132  |
| Other pension costs                          | 2,064   | 6,098   |
|                                              | 244,541 | 237,340 |

The average number of employees of the company during the year were as follows:

|                |        |        |
|----------------|--------|--------|
|                | 2002   | 2001   |
|                | Number | Number |
| Sales          | 13     | 13     |
| Administration | 2      | 2      |
|                | 15     | 15     |

# MICHAEL JAMES (JEWELLERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

|                                       | 2002<br>£ | 2001<br>£ |
|---------------------------------------|-----------|-----------|
| UK Corporation tax at 20% (2001: 20%) | 12,110    | 5,874     |

### 5 DIVIDENDS

|                                                        | 2002<br>£ | 2001<br>£ |
|--------------------------------------------------------|-----------|-----------|
| Ordinary shares - final dividend of 30 pence per share | 30,000    | -         |
|                                                        | 30,000    | -         |

### 6 TANGIBLE FIXED ASSETS

|                                     | Leasehold<br>property<br>£ | Display<br>£ | Motor<br>vehicles<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-------------------------------------|----------------------------|--------------|------------------------|----------------------------------|----------------------------|------------|
| Cost                                |                            |              |                        |                                  |                            |            |
| At 1 April 2001                     | 6,000                      | 70,663       | 93,000                 | 153,277                          | 16,783                     | 339,723    |
| Additions                           | -                          | 9,008        | 72,945                 | 2,872                            | -                          | 84,825     |
| Disposals                           | -                          | -            | (76,000)               | -                                | -                          | (76,000)   |
| At 31 March 2002                    | 6,000                      | 79,671       | 89,945                 | 156,149                          | 16,783                     | 348,548    |
| Depreciation                        |                            |              |                        |                                  |                            |            |
| At 1 April 2001                     | 6,000                      | 58,752       | 57,559                 | 131,055                          | 14,828                     | 268,194    |
| Provided in the year                | -                          | 9,442        | 15,747                 | 7,097                            | 1,955                      | 34,241     |
| Eliminated on disposal              | -                          | -            | (56,934)               | -                                | -                          | (56,934)   |
| At 31 March 2002                    | 6,000                      | 68,194       | 16,372                 | 138,152                          | 16,783                     | 245,501    |
| Net book amount at 31<br>March 2002 | -                          | 11,477       | 73,573                 | 17,997                           | -                          | 103,047    |
| Net book amount at 31<br>March 2001 | -                          | 11,911       | 35,441                 | 22,222                           | 1,955                      | 71,529     |

# MICHAEL JAMES (JEWELLERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

|                                   | Motor<br>vehicles<br>£ |
|-----------------------------------|------------------------|
| Net book amount at 31 March 2002  | <u>73,573</u>          |
| Net book amount at 31 March 2001  | <u>35,441</u>          |
| Depreciation provided during year | <u>15,747</u>          |

### 7 STOCKS

|                                     | 2002<br>£      | 2001<br>£      |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables       | 11,410         | 7,916          |
| Finished goods and goods for resale | 440,317        | 390,834        |
|                                     | <u>451,727</u> | <u>398,750</u> |

At 31 March the company held consignment stock with a value of £89,342 (2001:£68,404). The terms of the agreement under which this stock is held is that the company will not be invoiced until an item of consignment stock is sold.

### 8 DEBTORS

|                                | 2002<br>£     | 2001<br>£     |
|--------------------------------|---------------|---------------|
| Other debtors                  | 2,375         | 52,375        |
| Prepayments and accrued income | 8,777         | 8,594         |
|                                | <u>11,152</u> | <u>60,969</u> |

# MICHAEL JAMES (JEWELLERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                  | 2002<br>£      | 2001<br>£      |
|----------------------------------|----------------|----------------|
| Bank loans and overdrafts        | 10,000         | 10,000         |
| Trade creditors                  | 276,025        | 203,937        |
| Loans from director              | 14,468         | 18,428         |
| Corporation tax                  | 12,110         | 5,874          |
| Social security and other taxes  | 15,316         | 15,735         |
| Proposed dividends               | 30,000         | -              |
| Other creditors                  | 8,123          | 9,334          |
| Accruals and deferred income     | 14,950         | 30,060         |
| Amounts due under finance leases | 15,386         | 6,264          |
|                                  | <u>396,378</u> | <u>299,632</u> |

### 10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                  | 2002<br>£     | 2001<br>£     |
|----------------------------------|---------------|---------------|
| Bank loans                       | 27,307        | 36,476        |
| Amounts due under finance leases | 27,076        | 3,865         |
|                                  | <u>54,383</u> | <u>40,341</u> |

#### Bank loans

The bank loans and overdraft are secured by a fixed and floating charge over the company's assets. The bank loans are repayable in equal monthly instalments of £833 from 1 December 2000 to 1 September 2005.

Borrowings are repayable as follows:

|                                 | 2002<br>£     | 2001<br>£     |
|---------------------------------|---------------|---------------|
| Within one year                 |               |               |
| Bank and other borrowings       | 10,000        | 10,000        |
| Finance leases                  | 15,386        | 6,264         |
| After one and within two years  |               |               |
| Bank and other borrowings       | 10,000        | 10,000        |
| Finance leases                  | 12,275        | 3,865         |
| After two and within five years |               |               |
| Bank and other borrowings       | 17,307        | 26,476        |
| Finance leases                  | 14,801        | -             |
|                                 | <u>79,769</u> | <u>56,605</u> |

# MICHAEL JAMES (JEWELLERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 11 SHARE CAPITAL

|                                                             | 2002<br>£ | 2001<br>£ |
|-------------------------------------------------------------|-----------|-----------|
| Authorised<br>Ordinary shares of £1                         | 200,000   | 200,000   |
| Allotted, called up and fully paid<br>Ordinary shares of £1 | 100,000   | 140,000   |

### 12 SHARE PREMIUM ACCOUNT AND RESERVES

|                              | Share<br>premium<br>account<br>£ | Capital<br>Redemption<br>reserve<br>£ | Profit and<br>loss account<br>£ |
|------------------------------|----------------------------------|---------------------------------------|---------------------------------|
| At 1 April 2001              | 40,000                           | -                                     | 95,399                          |
| Retained profit for the year | -                                | -                                     | 41,221                          |
| Company buy back of shares   | -                                | 40,000                                | (80,000)                        |
| At 31 March 2002             | 40,000                           | 40,000                                | 56,620                          |

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                      | 2002<br>£          | 2001<br>£  |
|--------------------------------------|--------------------|------------|
| Profit for the financial year        | 71,221             | 4,596      |
| Dividends                            | (30,000)           | -          |
| Purchase of shares                   | 41,221<br>(80,000) | 4,596<br>- |
| Net decrease in shareholders' funds  | (38,779)           | 4,596      |
| Shareholders' funds at 1 April 2001  | 275,399            | 270,803    |
| Shareholders' funds at 31 March 2002 | 236,620            | 275,399    |

### 14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2002 or 31 March 2001.

### 15 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2002 or 31 March 2001.

# MICHAEL JAMES (JEWELLERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

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### 16 LEASING COMMITMENTS

Operating lease payments amounting to £71,875 (2001: £70,000) are due within one year. The leases to which these amounts relate expire as follows:

|                       | 2002<br>Land and<br>buildings<br>£ | 2001<br>Land and<br>buildings<br>£ |
|-----------------------|------------------------------------|------------------------------------|
| In one year or less   | -                                  | 10,000                             |
| In five years or more | 71,875                             | 60,000                             |
|                       | <u>71,875</u>                      | <u>70,000</u>                      |

### 17 PENSIONS

#### Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the director. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension cost charge for the year was £2,064 (2001 £6,098).