

GOLDSMITHS
SINCE 1778


WATCHES OF SWITZERLAND


MAPPIN & WEBB

MAPPIN & WEBB LIMITED

REPORT AND ACCOUNTS

27 January 2007

Registered No 53237



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MAPPIN & WEBB LIMITED

DIRECTORS' REPORT

27 JANUARY 2007

Directors
J S Piasecki
A J Broderick – appointed 20 August 2007
R E Gerrard – appointed 20 August 2007
S C Sargent
J P D Stead – appointed 20 August 2007

Secretary G Oliff

Registered Office Goldsmiths House, 2 Elland Road, Braunstone, Leicester, LE3 1TT

Directors' report

The directors present their annual report and the audited financial statements of the company for the period ended 27 January 2007

Principal activities

The principal activities of the company are those of retail jewellers and silversmiths and the retailing of gifts and watches

Business Review

Competitors

The company's principal competitors are Goldsmiths together with a number of smaller upmarket independent jewellers

Principal Risks

Seasonality

A significant proportion of the company's sales and operating profit is generated over the Christmas period and any disruption over this period, for example due to bad weather or interruption to warehousing and replenishment systems, would be expected to have a material adverse effect on both sales and operating profit

Interest Rates

Movements in interest rates are a significant factor in influencing customer demand for the company's products

Currencies

The company's principal currency is Pounds Sterling. During the year £0.9m of purchases were in foreign currencies (mainly US Dollars)

Key Performance Indications (KPI's)

The main financial KPI's for the company are like-for-like sales growth and growth in operating profit. Like for like sales declined by 1.0% in the year and operating profit (excluding exceptional items) increased by £5.7m from a loss of £2.2m to a profit of £3.5m

Results and dividends

The company's profit for the period after taxation was £14,121,000 (2006 profit £344,000)

The directors do not recommend the payment of an ordinary dividend (2006 *£nil*)

Holding company

The company is a wholly owned subsidiary of Aurum Acquisitions Limited (formerly Goldsmiths Acquisitions Limited). The ultimate parent company is Aurum Holdings Limited (formerly Goldsmiths Group Limited)

Directors

The current directors of the Company who served during the year were those listed above

Mr G Sigurdsson resigned on 31 October 2006 and Mr J E West resigned on 31 July 2007

Creditor payment policy

The company's policy on payment of its trade creditors is as follows

- the terms of payment are agreed at the start of business with individual suppliers to ensure that they are aware of the terms of payment, and
- payments are made on the basis of the agreed terms, contractual and other legal obligations

The average days creditors outstanding at the period end was 35 days (2006 72 days)

Statement of directors' responsibilities

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)

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

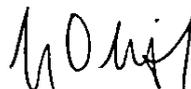
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By Order of the Board


G Oliff
Secretary

4 September 2007

MAPPIN & WEBB LIMITED

INDEPENDENT AUDITORS' REPORT

to the members of Mappin & Webb Limited

Independent auditors' report to the members of Mappin & Webb Limited

We have audited the financial statements of Mappin & Webb Limited for the period ended 27 January 2007, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 January 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor
Leicester

5 September 2007

MAPPIN & WEBB LIMITED
PROFIT AND LOSS ACCOUNT
at 27 January 2007

| | Notes | Pre- Exceptional Items £000 | Exceptional Items £000 | 2007 £000 | Pre- Exceptional Items £000 | Exceptional Items £000 | 2006 £000 |
|--|-------|--------------------------------------|------------------------------|---------------|--------------------------------------|------------------------------|--------------|
| Turnover | | 71,020 | - | 71,020 | 70,397 | - | 70,397 |
| Cost of Sales | | (61,912) | (2,986) | (64,898) | (46,568) | - | (46,568) |
| Gross profit | | 9,108 | (2,986) | 6,122 | 23,829 | - | (23,829) |
| Administrative expenses | 1 | (2,580) | - | (2,580) | (21,403) | (4,671) | (26,074) |
| Trading profit | | 6,528 | (2,986) | 3,542 | 2,426 | (4,671) | (2,245) |
| Group loan payable waived | | 11,567 | - | 11,567 | - | - | - |
| Profit on disposal of discontinued operation | 1 | - | - | - | - | 4,056 | 4,056 |
| Loss on disposal of fixed assets | 1 | - | - | - | - | (522) | (522) |
| | | 18,095 | (2,986) | 15,109 | 2,426 | (1,137) | 1,289 |
| Interest receivable | 5 | 649 | - | 649 | 6 | - | 6 |
| Interest payable | 6 | (1,631) | - | (1,631) | (950) | - | (950) |
| Profit on ordinary activities before taxation | | 17,113 | (2,986) | 14,127 | 1,482 | (1,137) | 345 |
| Taxation | 7 | (6) | - | (6) | (1) | - | (1) |
| Retained profit for the period | | 17,107 | (2,986) | 14,121 | 1,481 | (1,137) | 344 |

All of the company's operations are classed as continuing

A reconciliation of movements in shareholders' funds appear as note 16 to the accounts

There are no recognised gains or losses in either period other than as stated in the profit and loss account above. Consequently a statement of recognised gains and losses has not been prepared

MAPPIN & WEBB LIMITED**BALANCE SHEET**

at 27 January 2007

| | Note | 27 January 2007 £000 | 28 January 2006 £000 |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 1,407 | 643 |
| Investments | 9 | 820 | 820 |
| | | 2,227 | 1,463 |
| Current assets | | | |
| Stocks | 10 | 27,590 | 30,001 |
| Debtors | 11 | 18,556 | 10,527 |
| Cash at bank and in hand | | - | 1,084 |
| | | 46,146 | 41,612 |
| Creditors amounts falling due within one year | 12 | (31,607) | (31,874) |
| Net current assets | | 14,539 | 9,738 |
| Total assets less current liabilities | | 16,766 | 11,201 |
| Creditors amounts falling due after more than one year | 13 | - | (8,556) |
| Net assets | | 16,766 | 2,645 |
| Capital and reserves | | | |
| Called up share capital | 14 | 7,600 | 7,600 |
| Share Premium | 15 | 11,700 | 11,700 |
| Profit and loss account | 15 | (2,534) | (16,655) |
| Total equity shareholders' funds | 16 | 16,766 | 2,645 |

These financial statements were approved by the board of directors on 4 September 2007 and were signed on its behalf by


S C Sargent
Director

MAPPIN & WEBB LIMITED

ACCOUNTING POLICIES

at 27 January 2007

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in compliance with the Companies Act 1985 and under the historical cost accounting rules modified to include the revaluation of certain land and buildings

Under FRS 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

As 100% of the company's voting rights are controlled within the group headed by Aurum Holdings Limited (formerly Goldsmiths Group 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. The consolidated financial statements of Aurum Holdings Limited (formerly Goldsmiths Group Limited) are available to the public

The company has adopted a normal retail reporting basis to the Saturday nearest 31 January each year

Turnover

Turnover represents invoiced sales (exclusive of VAT) to third parties primarily arising in the United Kingdom

Fixed assets and depreciation

Tangible fixed assets are stated at cost and are depreciated at the following annual rates, in order to write off the cost of the assets over their estimated useful lives

| | | |
|---------------------------|---|-----------------|
| Building and improvements | - | 3-5% per annum |
| Fixtures and fittings | - | 8-25% per annum |

Leasehold properties and improvements are amortised over the period of the lease or the estimated useful life if lower

Leases

Rentals payable under operating leases are written off to the profit and loss account on a straight line basis over the period of the lease

Foreign currencies

Trading results are expressed in sterling at the average of the rates ruling during the year and include exchange differences realised in the normal course of trade. Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling at balance sheet dates and resultant unrealised exchange differences are dealt with through reserves or through the profit and loss account where appropriate

Deferred taxation

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 FRS19

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

MAPPIN & WEBB LIMITED
NOTES TO THE ACCOUNTS
at 27 January 2007

1 Profit on ordinary activities before taxation

| | 2007 | 2006 |
|---|-------------|-------------|
| | £000 | £000 |
| <i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i> | | |
| Depreciation and amounts written off tangible fixed assets | 310 | 698 |
| Rentals payable under operating lease - land and buildings | 8,682 | 7,754 |
| - hire of plant and machinery | 48 | 69 |
| Auditors' remuneration - audit | 50 | 55 |
| - taxation services | 20 | 27 |
| Exchange losses | - | 5 |
| Exceptional items | | |
| Fair value adjustments | 2,986 | - |
| Impairment provisions | - | 823 |
| Redundancy costs | - | 814 |
| Costs associated with the sale of the business | - | 114 |
| Provision for future losses from onerous leases | - | 2,100 |
| Dilapidations provisions | - | 425 |
| Provision for bad debt | - | 395 |
| Net profit on sale of discontinued operation | - | (4,056) |
| Net profit on sale of leases | - | (54) |
| Loss on sale of fixed assets in relation to store closures | - | 576 |

Certain general administration costs of other group undertakings including audit fees were borne by the company during the year

2 Remuneration of directors

| | 2007 | 2006 |
|--|-------------|-------------|
| | £000 | £000 |
| Directors' emoluments for qualifying services | | |
| As directors | - | 435 |
| <hr/> | | |
| Company contributions to personal pension scheme | - | 24 |

The aggregate of emoluments, excluding pension contributions, of the highest paid director were £nil (2006 £143,000)

No directors were members of personal pension schemes (2006 three)

MAPPIN & WEBB LIMITED
NOTES TO THE ACCOUNTS
at 27 January 2007

3 Staff numbers and costs

(a) Staff numbers

The average number of persons employed by the company, including directors, during the period, was as follows

| | Number of employees | |
|-------------------------------|----------------------------|-------------|
| | 2007 | 2006 |
| Management and administration | 40 | 52 |
| Retail operations | 207 | 285 |
| | 247 | 337 |

(b) Staff costs

| | 2007 | 2006 |
|-----------------------|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 6,961 | 6,946 |
| Social security costs | 656 | 652 |
| Other pension costs | 141 | 168 |
| | 7,758 | 7,776 |

4 Pension scheme

Certain employees are eligible to participate in pension scheme arrangements under the MW Group Personal Pension Plan. The pension cost for the company for the period ended 27 January 2007 was £141,000 (2006 £168,000)

Contributions amounting to £9,000 (2006 £nil) were included in creditors at the year end

5 Interest receivable

| | 2007 | 2006 |
|--|-------------|-------------|
| | £000 | £000 |
| Group interest received | 591 | - |
| Interest on bank deposit and other short term deposits | 58 | 6 |
| | 649 | 6 |

MAPPIN & WEBB LIMITED
NOTES TO THE ACCOUNTS
at 27 January 2007

6 Interest payable

| | 2007 | 2006 |
|--|--------------|-------------|
| | £000 | £000 |
| Amortisation of issue costs | 468 | - |
| Amounts payable on bank loans and overdrafts | 1,022 | 950 |
| Group interest payable | 141 | - |
| | 1,631 | 950 |

7 Tax on profit on ordinary activities

| | 2007 | 2006 |
|---|-------------|-------------|
| | £000 | £000 |
| Analysis of charge in period | | |
| UK corporation tax at 30% (2006 30%) on the profit/(loss) for the year on ordinary activities | - | - |
| Adjustments in respect of previous years | - | - |
| | - | - |
| Foreign tax (including amount in respect of prior years) | 6 | 1 |
| | - | - |
| Tax on profit on ordinary activities | 6 | 1 |

| | 2007 | 2006 |
|--|---------------|-------------|
| | £000 | £000 |
| Profit on ordinary activities before tax | 14,127 | 345 |
| Current tax at 30% (2006 30%) | 4,238 | 103 |
| Expenses not deductible for tax purposes | 37 | 271 |
| Short term timing differences | 172 | 46 |
| Non-taxable element of capital gain | - | (33) |
| Depreciation for the period being more than capital allowances | (261) | 70 |
| Utilisation of brought forward losses | - | (431) |
| Tax deduction for share options | - | (26) |
| Current year losses carried forward | (465) | - |
| Inter-company loan write-off | (3,470) | - |
| Depreciation on ineligible | 6 | - |
| Group relief | (257) | - |
| Current year Corporation Tax | - | - |
| Prior year adjustment | 6 | - |
| Total current tax charge | 6 | - |

7 Tax on profit on ordinary activities - continued

Tax losses amounting to £5,016,000 (2006 £6,189,000) are available to relieve future profits of the group

The potential amount of unprovided deferred taxation at the rate of 30% (2006 30%) for accelerated capital allowances is an asset of £745,000 (2006 £1,018,000) and for tax losses carried forward an asset of £1,505,000 (2006 £1,857,000)

8 Tangible fixed assets

| | Land and buildings £000 | Fixtures and fittings £000 | Total £000 |
|---------------------------|----------------------------------|-------------------------------------|---------------|
| <i>Cost or valuation</i> | | | |
| At 28 January 2006 | 641 | 9,700 | 10,341 |
| Additions | 4 | 1,132 | 1,136 |
| Disposals | (276) | (8,580) | (8,856) |
| At 27 January 2007 | 369 | 2,252 | 2,621 |
| <i>Depreciation</i> | | | |
| At 28 January 2006 | 559 | 9,139 | 9,698 |
| Charge for the year | 21 | 289 | 310 |
| Disposals | (258) | (8,536) | (8,794) |
| At 27 January 2007 | 322 | 892 | 1,214 |
| <i>Net book value</i> | | | |
| At 28 January 2006 | 82 | 561 | 643 |
| At 27 January 2007 | 47 | 1,360 | 1,407 |

All land and buildings are comprised of short leasehold properties

MAPPIN & WEBB LIMITED**NOTES TO THE ACCOUNTS**

at 27 January 2007

9 Investments

Shares in group undertakings

| | 2007 £000 | 2006 £000 |
|------------------------|--------------|--------------|
| Cost | | |
| At beginning of period | 3,220 | 2,400 |
| Additions in period | - | 820 |
| <hr/> | | |
| At 27 January 2007 | 3,220 | 3,220 |

Provision

| | | |
|--------------------------------------|---------|---------|
| Provision at beginning of the period | (2,400) | (2,400) |
| <hr/> | | |
| At 27 January 2007 | (2,400) | (2,400) |

| | | |
|----------------|-----|-----|
| Net book value | 820 | 820 |
|----------------|-----|-----|

As at 27 January 2007, the company owned ordinary shares in the following companies

| | % Owned | Country of Incorporation | Principal Activity |
|---|------------|-----------------------------|-----------------------|
| Watches of Switzerland Limited | 100% | United Kingdom | Non-active |
| Mappin & Webb (CI) Limited | 100% | United Kingdom | Dormant |
| The Jewellers & Silversmiths Company (1994) Limited | 100% | Guernsey | Dormant |

10 Stocks

| | 2007 £000 | 2006 £000 |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | 27,590 | 30,001 |

The company also operates arrangements with suppliers whereby stock is held at branches on a sale or return basis. At the year end the value of such stock, which is not recorded on the balance sheet, amounted to £9,150,000

11 Debtors amounts falling due within one year

| | 2007 £000 | 2006 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 1,111 | 1,193 |
| Amounts owed by group undertakings | 15,097 | 463 |
| Other debtors | 727 | 7,331 |
| Prepayments and accrued income | 1,621 | 1,540 |
| <hr/> | | |
| | 18,556 | 10,527 |

Amounts owed by group undertakings are interest free and have no fixed date for repayment

MAPPIN & WEBB LIMITED
NOTES TO THE ACCOUNTS
at 27 January 2007

| | | | |
|-----------|--|---------------|---------------|
| 12 | Creditors amounts falling due within one year | | |
| | | 2007 | 2006 |
| | | £000 | £000 |
| | Overdraft | 1,241 | - |
| | Trade creditors | 5,148 | 13,270 |
| | Amounts owed to group undertakings | 21,169 | 11,883 |
| | Social security and other taxes | (160) | 762 |
| | Other creditors, accruals and deferred income | 4,209 | 5,959 |
| | | 31,607 | 31,874 |

| | | | |
|-----------|---|-------------|-------------|
| 13 | Creditors amounts falling due after more than one year | | |
| | | 2007 | 2006 |
| | | £000 | £000 |
| | Bank loan | - | 8,556 |

| | | | |
|-----------|--|-------------|-------------|
| 14 | Called up share capital | | |
| | | 2007 | 2006 |
| | | £000 | £000 |
| | <i>Authorised, allotted and fully paid</i> | | |
| | 760,000 Ordinary shares of £10 each | 7,600 | 7,600 |

| | | | | |
|-----------|---------------------------|------------------------------|------------------------|--------------|
| 15 | Reserves | | | |
| | | Share premium account | Profit and Loss | Total |
| | | £000 | £000 | £000 |
| | At beginning of period | 11,700 | (16,655) | (4,955) |
| | Profit for the year | - | 14,121 | 14,121 |
| | At 27 January 2007 | 11,700 | (2,534) | 9,166 |

MAPPIN & WEBB LIMITED
NOTES TO THE ACCOUNTS
at 27 January 2007

16 Reconciliation of movement in shareholders' funds

| | 2007 £000 | 2006 £000 |
|---------------------------------------|--------------|--------------|
| Profit for the period | 14,121 | 344 |
| Shares issued in period | - | 13,000 |
| Opening shareholders' funds/(deficit) | 2,645 | (10,699) |
| <hr/> | | |
| Closing shareholders' funds | 16,766 | 2,645 |

17 Commitments

Operating Leases

At 27 January 2007 the company had annual commitments under non-cancellable operating leases expiring as follows

| | 2007 £000 | 2006 £000 |
|-----------------------------------|--------------|--------------|
| Land and buildings | | |
| Expiring within one year | 953 | 162 |
| Expiring within one to two years | 225 | - |
| Expiring within two to five years | 578 | 3,861 |
| Expiring over five years | 4,416 | 5,409 |
| <hr/> | | |
| | 6,172 | 9,432 |
| <hr/> | | |
| Plant and machinery | | |
| Expiring within one year | 1 | 61 |
| Expiring within two to five years | 9 | 13 |
| <hr/> | | |
| | 10 | 74 |
| <hr/> | | |
| | 6,182 | 9,506 |

Guarantees

The company has guaranteed, and the assets of the company provide security for, certain group borrowings

Capital

Capital commitments not provided for amounted to £nil (2006 £nil)

18 Ultimate parent company

The company is a wholly-owned subsidiary of Aurum Acquisitions Limited (formerly Goldsmiths Acquisitions Limited) The ultimate parent company is Aurum Holdings Limited (formerly Goldsmiths Group Limited) The smallest and largest groups in which the results of the company are consolidated is that headed by Aurum Holdings Limited (formerly Goldsmiths Group Limited) The consolidated accounts of this group are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ