

**THE ENGLISH ART WORKS LIMITED**  
(Registered Number: 173572)

**ANNUAL REPORT FOR THE YEAR ENDED  
31 MARCH 2000**



## **THE ENGLISH ART WORKS LIMITED**

### **Report of the directors** **for the year ended 31 March 2000**

The directors present herewith the audited financial statements for the year ended 31 March 2000.

#### **Statement of directors' responsibilities**

Company law requires the directors 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 directors are 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; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activities**

The company's principal activity is manufacturing jewellery.

#### **Review of activities and future developments**

Trading has reduced during the period under review. The company is reliant on trade with its immediate holding company. The immediate holding company's resources are adequate to ensure the company will remain in operation for the foreseeable future and has confirmed its intention to continue providing financial support to enable the company to meet its obligations as and when they fall due.

#### **Results**

The profit and loss account for the year and the statement of consolidated retained profits are set out on page 4.

#### **Dividends**

No dividend was paid during the year ended 31 March 2000 (31 March 1999: Nil)

#### **Fixed assets**

The movements in fixed assets during the year are set out in note 7 to the accounts.

#### **Directors**

The directors of the company during the year and as at 31 March 2000 were:-

Mr. A.M. Bamberger      Managing Director  
Mr. G.O. Catto

**THE ENGLISH ART WORKS LIMITED**

**Report of the directors**  
**for the year ended 31 March 2000 (continued)**

**Directors' interests in shares**

None of the directors had a beneficial interest at any time during the year in the share capital of the company.

**Directors' interest in contracts**

None of the directors had a material interest in any contract of significance to which the company was a party during the financial year.

**Auditors**

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

**Year 2000**

The company, as part of the Cartier Limited group, has experienced no disruption or malfunctions since the turn of the year arising from its own computer systems or equipment with embedded date-reliant computer chips. The lack of disruption is due to i) the detailed programmes followed since 1997 to identify and test possible risk areas; and ii) the consequent modifications to, or replacement of software suspected of harbouring the faulty date reliant software or computer chips that were carried out during 1999. There was no cost to the company, as all costs were borne by the company's immediate parent, Cartier Limited.

BY ORDER OF THE BOARD



G.O. Catto  
Secretary  
London, 8 June 2000

**Report of the auditors to the members of**  
**THE ENGLISH ART WORKS LIMITED**

We have audited the financial statements set out on pages 4 to 10.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

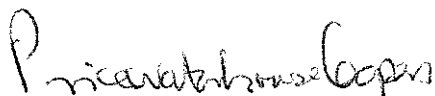
**Basis of opinion**

We conducted our audit in accordance with 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 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 of the state of the affairs of the company at 31 March 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London, 8 June 2000

# THE ENGLISH ART WORKS LIMITED

## Profit and loss account for the year ended 31 March 2000

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Turnover	2	615	737
Cost of sales		(562)	(621)
Gross profit		53	116
Administrative expenses		(320)	(335)
Operating loss		(267)	(219)
Loss on disposal of fixed assets		-	(17)
Loss on ordinary activities before taxation	5	(267)	(236)
Taxation on loss on ordinary activities		-	-
Loss for the period		(267)	(236)
Retained profits at beginning of the year		241	477
Retained (losses) / profits at end of the year		(26)	241

All amounts above relate to continuing operations, and are stated at historical cost.

The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.



The notes on pages 6 to 10 form an integral part of these financial statements.

Auditors' report appears on page 3.

**THE ENGLISH ART WORKS LIMITED****Balance sheet - 31 March 2000**

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
<b>FIXED ASSETS</b>					
Tangible assets	7		99		124
<b>CURRENT ASSETS</b>					
Stocks	8	236		218	
Debtors	9	35		85	
Cash at bank and in hand		2		1	
		<u>273</u>		<u>304</u>	
<b>CREDITORS: amounts</b>					
falling due within one year	10	<u>(372)</u>		<u>(130)</u>	
<b>NET CURRENT (LIABILITIES) / ASSETS</b>			<u>(99)</u>		<u>174</u>
Total assets less current liabilities			-		298
<b>CREDITORS: amounts</b>					
falling due after one year	11		(9)		(12)
<b>PROVISIONS FOR LIABILITIES</b>					
<b>AND CHARGES</b>	12		<u>(12)</u>		<u>(40)</u>
			<u>(21)</u>		<u>246</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		5		5
Profit and loss account			<u>(26)</u>		<u>241</u>
<b>SHAREHOLDERS' FUNDS</b>	14		<u>(21)</u>		<u>246</u>

The financial statements were approved by the Board on 8 June 2000 and were signed on its behalf by

A.M. Bamberger

G.O. Catto

The notes on pages 6 to 10 form an integral part of these financial statements.  
Auditors' report appears on page 3.

**Notes to the financial statements - 31 March 2000**

**Principal accounting policies**

1 These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

**(a) Depreciation**

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:-

	%
Office furniture and equipment, and leasehold improvements	20
Plant and machinery	20

**(b) Stocks**

Stocks and Work in Progress are stated at the lower of cost and net realisable value. In general, cost is allocated on an individual product basis and includes all direct expenditure and attributable production overheads according to the stage of production reached.

**(c) Foreign currencies**

Profit and loss account items in foreign currencies are translated at the rates ruling at the dates of the transactions; assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the end of the financial year. Differences on exchange are included in the profit and loss account.

**(d) Deferred tax**

Provision is made for deferred tax at the rate of corporation tax ruling at the balance sheet date (the liability method) except in respect of any tax reduction that can reasonably be expected to continue for the foreseeable future.

**(e) Cash flow statement**

The company is exempt from the requirement to prepare a cash flow statement and therefore no statement is included in these financial statements.

**(f) Pension scheme arrangements**

The company contributes to a group pension scheme operated by Richemont Holdings (UK) Limited (formerly Vendome Luxury Group Ltd). Contributions and pension costs are based on pension costs across the group as a whole. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining lifetime of members of the scheme after making suitable allowances for future withdrawals.

**(g) Leased assets**

Expenditure on operating leases is charged to the profit and loss account over the period of the lease.

**(h) Related party transactions**

The group has taken advantage of the exemption contained in paragraph 3 (c) of Financial Reporting Standard Number 8 and accordingly these financial statements do not include details of transactions between the group and other subsidiaries of Compagnie Financière Richemont AG.

# THE ENGLISH ART WORKS LIMITED

## Notes to the financial statements - 31 March 2000 (continued)

### Turnover

- 2 Turnover excludes value added tax. The geographical analysis of turnover is as follows:-

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
United Kingdom	615	737

### Employee information

- 3 (a) The average number of persons, including directors, employed by the company during the year, is analysed below:-

	<u>2000</u>	<u>1999</u>
Production	13	13
Administration	3	3
	<u>16</u>	<u>16</u>

- 3 (b) Employment costs of all employees included above were:-

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Gross wages, salaries and commissions	514	522
Employer's national insurance and state pension contributions	46	43
Other pension costs (see note 12)	(28)	28
	<u>532</u>	<u>593</u>

### Directors' emoluments

- 4 No emoluments were received by directors in respect of their services to the company during the year.

### Profit on ordinary activities before taxation

- 5 Loss on ordinary activities before taxation is stated after charging :-

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Depreciation	29	20
Auditors' remuneration: audit	3	3
Operating lease rentals – plant and machinery	-	1
– other	84	61



# THE ENGLISH ART WORKS LIMITED

## Notes to the financial statements - 31 March 2000 (continued)

### Deferred taxation

6 Analysis of full potential asset:

	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	(3)	(5)
Other timing differences	(13)	(23)
	<u>(16)</u>	<u>(28)</u>

No asset for deferred tax has been recognised in the year.

### Tangible fixed assets

7

	<u>Plant And Machinery £'000</u>	<u>Leasehold Improvements £'000</u>	<u>Office Furniture And Equipment £'000</u>	<u>Total £'000</u>
<b>Cost</b>				
At 31 March 1999	1	138	26	165
Additions	3	1	-	4
At 31 March 2000	<u>4</u>	<u>139</u>	<u>26</u>	<u>169</u>
<b>Depreciation</b>				
At 31 March 1999	-	26	15	41
Charge for the period	1	23	5	29
At 31 March 2000	<u>1</u>	<u>49</u>	<u>20</u>	<u>70</u>
<b>Net book value at:</b>				
<b>31 March 2000</b>	<u>3</u>	<u>90</u>	<u>6</u>	<u>99</u>
<b>31 March 1999</b>	<u>1</u>	<u>112</u>	<u>11</u>	<u>124</u>

### Stocks

8 Stocks comprise:-

	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>
Raw materials	169	137
Work in progress	67	81
	<u>236</u>	<u>218</u>

# THE ENGLISH ART WORKS LIMITED

## Notes to the financial statements - 31 March 2000 (continued)

### Debtors

9

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Prepayments and accrued income	30	30
Amounts owed by immediate holding company	-	51
Other debtors	5	4
	<u>35</u>	<u>85</u>

### Creditors: amounts falling due within one year

10

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Trade creditors	21	30
Amounts owed to immediate holding company	309	-
Accruals and deferred income	42	100
	<u>372</u>	<u>130</u>

### Creditors: amounts falling due after one year

11

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Accruals and deferred income	9	12

### Pension commitments

12

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Normal cost	110	37
Notional interest	5	0
Variation from normal cost	(143)	(9)
	<u>(28)</u>	<u>28</u>

The company contributes to a group pension scheme, the Vendome Luxury Group UK Pension Plan, operated by Richemont Holdings (UK) Limited (formerly Vendome Luxury Group Limited). The pension scheme is of the defined benefit type and its assets are held in separate trustee-administered funds. The pension cost in respect of this scheme is assessed in accordance with the advice of an independently qualified actuary using the projected unit method of actuarial valuation. Further details of this scheme, and the actuarial assumptions used, can be found in the accounts of Vendome Luxury Group Limited for the year ended 31 March 2000.

A pension provision of £12,000 has been included in provisions for liabilities and charges (1999: £40,000).

# **THE ENGLISH ART WORKS LIMITED**

## **Notes to the financial statements - 31 March 2000 (continued)**

### **Share capital**

#### **13 Authorised, allotted and fully paid**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Ordinary shares of £1 each	<u>5</u>	<u>5</u>

### **Reconciliation of movements in shareholders' funds**

#### **14**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Loss for the financial period	(267)	(236)
Opening shareholders' funds	<u>246</u>	<u>482</u>
Closing shareholders' funds	<u>(21)</u>	<u>246</u>

### **Capital commitments**

#### **15** There were no capital commitments at 31 March 2000 (1999: £Nil).

### **Holding company**

#### **16** The company is a wholly owned subsidiary of Cartier Limited, a company incorporated in Great Britain, registered in England and Wales.

### **Ultimate holding company**

#### **17** The directors regard Compagnie Financière Richemont AG, a limited company incorporated in Switzerland, to be the ultimate holding company. Shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purposes of FRS8, is regarded by the directors as the controlling party. Copies of the consolidated financial statements of Compagnie Financière Richemont AG may be obtained from; The Secretary, Compagnie Financière Richemont AG, Rigistrasse 2, 6300 Zug, Switzerland.