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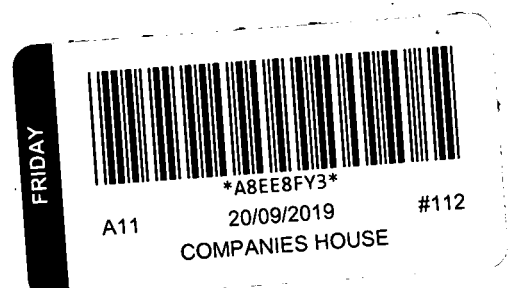
WB The Creative Jewellery Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 00465213



WB The Creative Jewellery Group Limited

Report and financial statements for the year ended 31 December 2018

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Directors

Mr A Sollitt
Mr A J Morton
Mr N Isaac
Mrs N Newton-Sherlock
Mr M Thomas
Mr S J Bate

Registered office

3-8 Vyse Street, Hockley, Birmingham, B18 6LT

Company number

00465213

Independent auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

WB The Creative Jewellery Group Limited

Strategic report for the year ended 31 December 2018

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018.

Principal activities and review of business

In January 2018 the Company's shareholder, Weston Beamor Holdings, was sold to a German trade buyer, Heimerle and Meule, the oldest gold and silver refinery in Germany. Their ultimate parent is the Possehl charitable trust. One of the main reasons for the sale was the financial resources the Possehl Group bring.

The principal activities of the Company remain design, casting, manufacturing and wholesale distribution of jewellery products to jewellery fabricators, finishers and retail jewellery customers predominantly in the UK, Ireland and continental Europe. Products are produced in various precious metal alloys. The Company continues to supplement its product range by sourcing manufactured products externally as and when market conditions are right.

Although there was a small increase in the total volumes of precious jewellery supplied to the UK market, conditions on the UK High St, the sector to which the Company is most exposed, remained tough with continuing closures throughout the year. Precious metal prices fell during the year by a weighted average 5%, with platinum particularly weak. Against this background sales fell 10%, 9% UK and 28% export, the latter mainly due to the effect of large start up orders with a big overseas customer in 2017. There was a 1.1% improvement in Gross Margin %, which mitigated the sales revenue fall. Administrative expenses increased by c£0.2m, mainly due to a significant investment in IT equipment. The result of all these movements was a £0.5m drop in Operating Profit (before exceptional costs in prior year).

The directors continue to carefully monitor the impact of Brexit on the Company.

Key performance indicators

A variety of indicators are used: gross profit % rose during the year due to a swing in product and customer mix, together with better purchasing. Overheads increased 4% in the year mainly due to an increase in IT costs. Operating profit before exceptional costs was down 49%. Interest costs reduced due to an increase in interest received from other parts of the Group and external bank debt was cleared. Profit Before Tax recovered from last year due to the absence of any Exceptional costs.

Working capital (i.e. stocks and trade debtors less trade creditors) at the end of 2018 was £0.2m up on 2018, mainly due to the change in stock financing policies driven by the Company's new parent and the resulting effect on creditors.

Shareholders' funds increased by £0.6m in 2018.

Future developments

Efforts are being focussed on areas where the company can find growth, particularly export opportunities and certain customer sectors within the UK market. Service improvement and manufacturing efficiency remain key priorities.

The Company values its human resource capital and is able to attract and retain quality staff appropriate to its needs. Our priority is service and quality in all that we do. Having the right people is the only way of ensuring that we meet the most exacting of standards.

These factors together with a strong balance sheet place the Company in a robust position to face the challenges ahead and seize any growth opportunities that materialise.

WB The Creative Jewellery Group Limited

Strategic report for the year ended 31 December 2018 (*continued*)

Principal risks and uncertainties

The Company's principal risks are its exposure to fluctuations in precious metal prices, the level of demand in the UK and Republic of Ireland precious jewellery markets, the £/\$ exchange rate and interest rates.

The volatility of platinum and gold prices could impact the businesses' working capital requirements, its revenues and on its gross profit. Under its new ownership, the Company's metal hedging policy has changed. All precious metal held in stock is now borrowed with the aim of eliminating stock and margin movements. The aim is to have matching stock assets and liabilities. End product prices in the jewellery market continue to flex to accommodate movements in precious metal prices at the point products are sold. The Company remains at risk of revenue movements due to metal movements.

In 2018 volumes in the UK precious jewellery market rose slightly. If market volumes fall, the risk to the Company is that unless it gains market share or seeks new markets, its own sales volumes will decline. To date the Company's efforts to extend product range, invest in marketing, improve service and grow exports have helped it to mitigate volume falls. However we continue to be ready to take appropriate steps to reduce costs if volumes fall.

Movements in the £/\$ exchange rate can impact on the Company's gross profit as the cost of product priced in \$ is affected. The Company minimises this risk by taking out forward exchange contracts to fix the rate for circa 3 months ahead, to cover the period between order and payment. Beyond this time horizon it is able to move sales prices to reflect any change in bought in cost, or cease purchase of the product. Note 25 shows the level of contractual commitments at 31 December 2018.

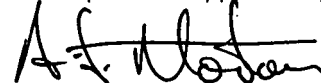
The Company finances its operations through a mixture of retained profits, bank overdraft, lease finance and metal borrowings. The Company borrows at floating and fixed interest rates. Through floating rate borrowings, the Company is exposed to the risk of interest rate increases. However, bank borrowings have been significantly reduced since acquisition by Possehl Group.

Financial instruments

The Company's financial instruments, other than derivatives, comprise borrowings, some cash and liquid resources, metal denominated borrowings, and various items such as trade debtors and creditors all of which arise directly from the Company's operations.

The Company also enters into derivatives transactions in the form of forward currency contracts. The purpose of such transactions is to manage the Company's exposure to foreign exchange rate fluctuations. How these are managed is described in the section above on principle risks.

This report was approved by the board on 16/9/19 and signed on its behalf.



Mr A J Morton

Director

WB The Creative Jewellery Group Limited

Directors' report for the year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The review of the business and future developments, key performance indicators, principal risks and uncertainties and financial instruments are not shown in the directors report as they are shown in the strategic report in accordance with S414C (11) of the Companies Act 2006.

The profit for the year, after taxation, amounted to £571,026 (2017 - £355,800 loss).

Net assets at 31 December 2018 are £6,772,239 (2017 - £6,201,213).

The statement of comprehensive income is set out on page 8 and shows the result for the year.

Interim dividends of £Nil per share, £Nil (2017 - £Nil per share, £Nil) were paid to shareholders during the year.

Directors

The directors who served during the year were:

Mr A Sollitt
Mr A J Morton
Mr N Isaac
Mrs N Newton-Sherlock
Mr M Thomas
Mr S J Bate (appointed 22 January 2018)
Mrs V Fuller (resigned 22 January 2018)
Mr P Fuller (resigned 22 January 2018)
Mr R Pearson (resigned 22 January 2018)
Ms V Hodge (resigned 22 January 2018)

Third party indemnity insurance for the benefit of the directors was in force during the period.

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 judgements and accounting estimates that are reasonable and prudent; 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 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.

WB The Creative Jewellery Group Limited

Directors' report for the year ended 31 December 2018 (*continued*)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

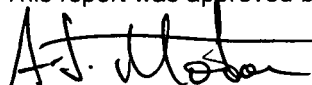
Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

16/9/19

and signed on its behalf by



Mr A J Morton

Director

WB The Creative Jewellery Group Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WB THE CREATIVE JEWELLERY GROUP LIMITED

Opinion

We have audited the financial statements of WB The Creative Jewellery Group Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

WB The Creative Jewellery Group Limited

Independent auditor's report (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

WB The Creative Jewellery Group Limited

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Samantha Lifford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date: 17/9/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

WB The Creative Jewellery Group Limited

Statement of comprehensive income for the year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|----------|------------------|------------------|
| Turnover | 3 | 19,621,030 | 21,802,115 |
| Cost of sales | | (14,406,374) | (16,246,627) |
| Gross profit | | 5,214,656 | 5,555,488 |
| Administrative expenses | | (4,695,586) | (4,495,434) |
| Other operating income | 6 | 7,000 | 7,000 |
| Exceptional costs | 7 | - | (1,456,659) |
| Operating profit/(loss) | 7 | 526,070 | (389,605) |
| Analysed as: | | | |
| Operating profit before exceptional costs | | 526,070 | 1,067,054 |
| Exceptional costs | | - | (1,456,659) |
| Operating profit/(loss) | | 526,070 | (389,605) |
| Interest receivable and similar income | 8 | 110,573 | 84,123 |
| Interest payable and similar charges | 9 | (60,135) | (89,804) |
| Profit/(loss) before tax | | 576,508 | (395,286) |
| Tax on profit/(loss) | 10 | (5,482) | 39,486 |
| Profit/(loss) for the year | | 571,026 | (355,800) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(deficit) for the year | | 571,026 | (355,800) |

All amounts relate to continuing activities.

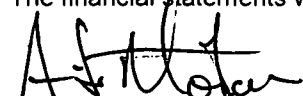
The notes on pages 12 to 27 form part of these financial statements.

WB The Creative Jewellery Group Limited

Statement of financial position At 31 December 2018

| Company number 00465213 | Note | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|--|-------------|-------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 1,145,135 | | 1,160,830 |
| Investments | 13 | | 200 | | 200 |
| | | | <hr/> | | <hr/> |
| | | | 1,145,335 | | 1,161,030 |
| Current assets | | | | | |
| Stocks | 14 | 1,298,591 | | 1,956,904 | |
| Debtors: amounts falling due after more than one year | 15 | - | | 2,000,000 | |
| Debtors: amounts falling due within one year | 15 | 6,925,657 | | 6,434,226 | |
| Cash at bank and in hand | 16 | 1,165,013 | | 1,317,455 | |
| | | <hr/> | | <hr/> | |
| | | 9,389,261 | | 11,708,585 | |
| Creditors: amounts falling due within one year | 17 | (3,042,347) | | (5,399,801) | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 6,346,914 | | 6,308,784 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 7,492,249 | | 7,469,814 |
| | | | <hr/> | | <hr/> |
| Creditors: amounts falling due after more than one year | 18 | | (35,670) | | (67,666) |
| Provisions for liabilities | 21 | (684,340) | | (1,200,935) | |
| | | <hr/> | (684,340) | <hr/> | (1,200,935) |
| | | | <hr/> | | <hr/> |
| Net assets | | | 6,772,239 | | 6,201,213 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 16,600 | | 16,600 |
| Share premium account | | | 25,336 | | 25,336 |
| Capital redemption reserve | | | 874 | | 874 |
| Profit and loss account | | | 6,729,429 | | 6,158,403 |
| | | | <hr/> | | <hr/> |
| Shareholders' funds | | | 6,772,239 | | 6,201,213 |
| | | | <hr/> | | <hr/> |

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on



Mr A J Morton

Director

16/9/2019

The notes on pages 12 to 27 form part of these financial statements.

WB The Creative Jewellery Group Limited

Statement of changes in equity As at 31 December 2018

| | Share capital £ | Share premium £ | Capital redemption £ | Profit and loss account £ | Total equity £ |
|---|-----------------------|-----------------------|----------------------------|------------------------------------|----------------------|
| At 1 January 2018 | 16,600 | 25,336 | 874 | 6,158,403 | 6,201,213 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 571,026 | 571,026 |
| Total comprehensive income for the year | - | - | - | 571,026 | 571,026 |
| Contributions by and distributions to owners | | | | | |
| Dividends: equity capital | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - |
| At 31 December 2018 | 16,600 | 25,336 | 874 | 6,729,429 | 6,772,239 |

Reserves:

Called up share capital represents the nominal value of the shares issued.

The share premium account includes the premium on issue of equity shares, net of any issue costs.

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 12 to 27 form part of these financial statements.

WB The Creative Jewellery Group Limited

Statement of changes in equity As at 31 December 2017

| | Share capital £ | Share premium £ | Capital redemption £ | Profit and loss account £ | Total equity £ |
|---|-----------------------|-----------------------|----------------------------|------------------------------------|----------------------|
| At 1 January 2017 | 16,600 | 25,336 | 874 | 6,514,203 | 6,557,013 |
| Comprehensive deficit for the year | | | | | |
| Loss for the year | - | - | - | (355,800) | (355,800) |
| Total comprehensive deficit for the year | - | - | - | (355,800) | (355,800) |
| Contributions by and distributions to owners | | | | | |
| Dividends: equity capital | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - |
| At 31 December 2017 | 16,600 | 25,336 | 874 | 6,158,403 | 6,201,213 |

Reserves:

Called up share capital represents the nominal value of the shares issued.

The share premium account includes the premium on issue of equity shares, net of any issue costs.

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 12 to 27 form part of these financial statements.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 Accounting policies

1.1 Company information

WB The Creative Jewellery Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is 3-8 Vyse Street, Hockley, Birmingham, B18 6LT. The nature of the company's operations and its principal activities are design, casting, manufacturing and wholesale distribution of jewellery products to jewellery fabricators, finishers and retail jewellery customers predominantly in the UK, Ireland and continental Europe.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and payment is probable. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised from the sale of goods when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods. This occurs when the buyer, or their agent, takes possession of the goods.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

1.4 Tangible fixed assets (continued)

Land is not depreciated.

Depreciation is provided on the following basis:

| | |
|---------------------|--|
| Freehold property | - 2% per annum straight line |
| Plant and machinery | - 12.5% per annum straight line and 15% reducing balance |
| Motor vehicles | - 25% per annum straight line |
| Computer equipment | - 33.3% per annum straight line |
| Other fixed assets | - 15% - 25% per annum straight line and 15% reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.5 Valuation

Investments in subsidiaries are measured at cost less accumulated impairment.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, except for metal stock which is stated at market value. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

1 Accounting policies (*continued*)

1.9 Financial instruments

Basic Financial Instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by group undertakings. These are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost. The company considers evidence of impairment of all trade and other debtors and amounts owed by group undertakings, and any subsequent impairment is recognised in the statement of comprehensive income.

Impairment of financial assets at amortised cost

Impairment provisions are recognised where there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipt from that asset.

Financial liabilities

Financial liabilities comprise trade creditors, other creditors, accruals and amounts owed to group undertakings. These are initially recorded at cost on the day they originate, and are subsequently carried at amortised cost.

Non basic instruments

Derivatives, including forward foreign currency exchange contracts and gold loans, are not basic financial instruments. Derivatives are initially recorded at cost on the date a derivative contract is entered into and subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss as appropriate, within cost of sales where they relate to the nature of trade. The company does not currently apply fair value hedge accounting for foreign exchange derivatives.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.12 Pensions

Contributions to the company's defined contribution pension scheme are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in creditors as a liability in the statement of financial position.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.14 Leased assets

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

1.15 Foreign currency

The financial statements are presented in 'sterling', which is the company's functional and presentation currency. Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

Intercompany loans

Considered whether the long term intercompany loans are at an open market value, or whether the balance due should be discounted at an appropriate rate of interest. Given the asset base of the company, the directors have concluded that interest charged on intercompany loans is at an open market rate.

Key sources of estimation uncertainty:

Tangible assets

Tangible fixed assets are depreciated over the useful economic lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Stock

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in the statement of comprehensive income.

Trade debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount is reduced to its recoverable amount. The impairment loss is recognised immediately in the statement of comprehensive income.

3 Analysis of turnover

Analysis of turnover by country of destination:

| | 2018 £ | 2017 £ |
|-------------------|------------|------------|
| United Kingdom | 17,820,211 | 19,495,831 |
| Rest of Europe | 1,620,856 | 1,770,499 |
| Rest of the world | 179,963 | 535,785 |
| | <hr/> | <hr/> |
| | 19,621,030 | 21,802,115 |
| | <hr/> | <hr/> |

Turnover is wholly attributable to the principal activity of the company.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

4 Employees

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Staff costs, including directors' remuneration, were as follows: | | |
| Wages and salaries | 3,482,228 | 3,390,440 |
| Social security costs | 370,665 | 352,301 |
| Cost of defined contribution scheme | 141,247 | 141,809 |
| | <u>3,994,140</u> | <u>3,884,550</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2018 Number | 2017 Number |
|-----------|----------------|----------------|
| Employees | <u>127</u> | <u>125</u> |

5 Directors' remuneration

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Directors' emoluments | 300,094 | 300,024 |
| Company contributions to defined contribution pension schemes | 20,694 | 20,424 |
| | <u>320,788</u> | <u>320,448</u> |

The total amount payable to the highest paid director in respect of emoluments was £117,109 (2017 - £119,677). Company pension contributions of £8,117(2017 - £8,012) were made to a money purchase scheme on his behalf.

Three directors received emoluments during the current year (2017 - Three). There were three directors in the company's defined contribution pension scheme during the year (2017 - Three).

The other directors are remunerated through the parent company, Weston Beamor Holdings Limited, and their remuneration is disclosed in that company's financial statements. It is not possible to allocate their remuneration for their services to individual group companies.

6 Other operating income

| | 2018 £ | 2017 £ |
|-----------------|--------------|--------------|
| Rent receivable | <u>7,000</u> | <u>7,000</u> |

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

7 Operating profit/(loss)

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| The operating profit/(loss) is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 180,286 | 189,102 |
| Fees payable to the Company's auditor for the audit of the company's annual accounts. | 19,535 | 18,975 |
| - Taxation services | 5,556 | 6,737 |
| - Other | 1,500 | 1,500 |
| Exchange differences | (49,124) | (164,220) |
| Loss on revaluation of gold loan | - | 11,759 |
| Operating lease costs | 51,339 | 50,706 |
| | <hr/> | <hr/> |

Exceptional items

During the prior year, the company incurred exceptional costs of £1,456,659 in relation to a fraudulent contract arrangement.

8 Interest receivable

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Interest receivable from group companies | 108,595 | 83,928 |
| Other interest receivable | 1,978 | 195 |
| | <hr/> | <hr/> |
| | 110,573 | 84,123 |
| | <hr/> | <hr/> |

9 Interest payable and similar charges

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Bank loans and overdrafts | 56,376 | 68,192 |
| All other loans (excluding loans from group companies) | - | 12,776 |
| Finance leases and hire purchase contracts | 3,759 | 8,836 |
| | <hr/> | <hr/> |
| | 60,135 | 89,804 |
| | <hr/> | <hr/> |

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

10 Taxation on profit/(loss)

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Corporation tax | | |
| Current tax on profit/(loss) for the year | 21,530 | - |
| Adjustment in respect of previous years | - | (39,297) |
| | <hr/> | <hr/> |
| Total current tax | 21,530 | (39,297) |
| | <hr/> | <hr/> |
| Deferred tax | | |
| Origination and reversal of timing differences | (16,048) | (7,465) |
| Adjustments in respect of prior periods | - | 7,276 |
| | <hr/> | <hr/> |
| Total deferred tax | (16,048) | (189) |
| | <hr/> | <hr/> |
| Taxation on profit/(loss) | 5,482 | (39,486) |
| | <hr/> | <hr/> |

Factors affecting tax charge for the year

The tax assessed for the year is lower (2017 - higher) than the standard rate of corporation tax in the UK of 19.0% (2017 – 19.25%). The differences are explained below:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Profit/(loss) before tax | 576,508 | (395,286) |
| | <hr/> | <hr/> |
| Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%) | 109,537 | (76,093) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,047 | 12,496 |
| Effect of tax rate change | 1,888 | 987 |
| Adjustments to current tax in respect of prior periods | - | (39,297) |
| Adjustments to deferred tax in respect of prior periods | - | 7,276 |
| Group relief claimed | (106,604) | - |
| R&D deduction | - | (8,410) |
| Losses carried back | - | 59,737 |
| Other differences | (2,386) | 3,818 |
| | <hr/> | <hr/> |
| Total tax charge/(credit) for year | 5,482 | (39,486) |
| | <hr/> | <hr/> |

Factors that may affect future tax charges

The budget confirmed that the UK corporation tax rate will reduce to 17% from 1 April 2020. This will reduce the company's future tax charge accordingly.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

11 Dividends

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Interim paid of £Nil (2017 - £Nil) per share | - | - |
| | <hr/> | <hr/> |

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

12 Tangible assets

| | Freehold land and buildings £ | Plant and machinery £ | Motor vehicles £ | Computer equipment £ | Other fixed assets £ | Total £ |
|--------------------------|--|-----------------------------|------------------------|----------------------------|----------------------------|------------------|
| <i>Cost or valuation</i> | | | | | | |
| At 1 January 2018 | 962,698 | 1,547,085 | - | 1,335,185 | 963,306 | 4,808,274 |
| Additions | - | 64,466 | - | 50,203 | 49,922 | 164,591 |
| Disposals | - | - | - | - | - | - |
| At 31 December 2018 | 962,698 | 1,611,551 | - | 1,385,388 | 1,013,228 | 4,972,865 |
| <i>Depreciation</i> | | | | | | |
| At 1 January 2018 | 308,083 | 1,136,516 | - | 1,303,067 | 899,778 | 3,647,444 |
| Charge for the year | 19,255 | 122,378 | - | 23,201 | 15,452 | 180,286 |
| Disposals | - | - | - | - | - | - |
| At 31 December 2018 | 327,338 | 1,258,894 | - | 1,326,268 | 915,230 | 3,827,730 |
| <i>Net book value</i> | | | | | | |
| At 31 December 2018 | 635,360 | 352,657 | - | 59,120 | 97,998 | 1,145,135 |
| At 31 December 2017 | 654,615 | 410,569 | - | 32,118 | 63,528 | 1,160,830 |

The net book value of tangible fixed assets includes an amount of £102,002 (2017 - £241,256) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £20,629 (2017 - £52,872). The company receives other operating income (see note 6) from subletting a small proportion of the buildings, the impact of which is immaterial and therefore has not been treated as investment property.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

13 Fixed asset investments

Investments
in subsidiary
companies
£

Cost and net book value

At 1 January 2018 and 31 December 2018

200

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

| Name | Country of incorporation or registration | Holding | Principal activity |
|-------------------|--|---------|--------------------|
| Advalorem Limited | UK | 100% | Dormant |

The registered address of Advalorem Limited is 3-8 Vyse Street, Hockley, Birmingham, B18 6LT.

14 Stocks

| | 2018 £ | 2017 £ |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables | 957,129 | 60,384 |
| Finished goods and goods for resale | 341,462 | 1,896,520 |
| | <u>1,298,591</u> | <u>1,956,904</u> |

There is no material difference between the replacement cost of stocks and the amounts stated above.

Stock recognised in cost of sales during the year as an expense was £13,054,284 (2017 - £15,182,757).

An impairment loss of £161,854 (2017 - £53,041) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

The provision made against gross stock was £415,681 (2017 - £253,827).

In addition to the stocks recorded in the Statement of financial position, the company held precious metals on consignment terms with a total value at 31 December 2018 of £56,793 (2017 - £500,224). The company has entered into precious metal consignment arrangements with precious metal consigning entities ("the Consignors") until the stock is purchased by the company. As the Consignors retain title and associated risks and rewards of ownership under these arrangements, the value of the physical metal held is not recognised in the company Statement of financial position. The utilisation of consigned precious metal is established practice in the precious metals industry.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

15 Debtors

| | 2018 £ | 2017 £ |
|-------------------------------------|------------------|------------------|
| Due after more than one year | | |
| Amounts owed by group undertakings | - | 2,000,000 |
| Due within one year | | |
| Trade debtors | 3,289,044 | 3,227,968 |
| Amounts owed by group undertakings | 2,911,001 | 2,603,972 |
| Other debtors | 139,461 | - |
| Financial instruments (see note 25) | 13,540 | - |
| Prepayment and accrued income | 533,149 | 514,869 |
| Corporation tax recoverable | 39,462 | 87,417 |
| | 6,925,657 | 6,434,226 |

An impairment loss recognised within the statement of comprehensive income for the period in respect of bad and doubtful trade and other debtors was £10,094 (2017 - £21,268).

The bad debt provision made against gross debtors was £399,268 (2017 - £399,828).

16 Cash and cash equivalents

| | 2018 £ | 2017 £ |
|-------------------------------------|------------------|------------------|
| Cash at hand and in bank | 1,165,013 | 1,317,455 |
| Less: bank overdrafts (see note 17) | - | (1,797,814) |
| | 1,165,013 | (480,359) |

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

17 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Bank loan and overdrafts (secured, see note 19) | - | 1,797,814 |
| Other loans | - | 618,816 |
| Trade creditors | 1,106,711 | 1,889,772 |
| Amounts owed to group undertakings | 1,172,894 | 101,058 |
| Taxation and social security | 369,298 | 631,778 |
| Obligations under finance lease and hire purchase contracts | 31,996 | 50,605 |
| Other creditors | 25,045 | 28,193 |
| Accruals and deferred income | 336,403 | 265,868 |
| Financial instruments (see note 25) | - | 15,897 |
| | 3,042,347 | 5,399,801 |

Obligations under finance leases are secured against the assets to which they relate.

During the year, the balance for bank loan and overdrafts was repaid in full.

18 Creditors: amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Bank loans (secured, see note 19) | - | - |
| Obligations under finance leases and hire purchase contracts | 35,670 | 67,666 |
| | 35,670 | 67,666 |

Obligations under finance leases are secured against the assets to which they relate.

Of the obligations under finance leases and hire purchase contracts due after one year, £24,870 (2017 - £31,996) is due within more than one year but not more than two years, £10,800 (2017 - £35,670) is due in more than two years but not more than five years and £Nil (2017 - £Nil) is due after more than five years.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

19 Loans

| | 2018 £ | 2017 £ |
|---|-----------|------------------|
| Analysis of the maturity of loans is given below: | | |
| Amounts falling due within one year | | |
| Other loans | - | 618,816 |
| Bank loans and overdrafts | - | 1,797,814 |
| | <u>-</u> | <u>2,416,630</u> |
| Amounts falling due after one year | | |
| Bank loans | - | - |
| | <u>-</u> | <u>-</u> |

During the year, the balance for bank loan and overdrafts was repaid in full.

20 Financial Instruments

| | 2018 £ | 2017 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets measured at amortised cost | 7,504,519 | 9,149,395 |
| Financial assets measured at fair value through profit or loss | 13,540 | - |
| | <u>7,518,059</u> | <u>9,149,395</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (2,641,053) | (4,082,705) |
| Financial liabilities measured at fair value through profit or loss | - | (634,713) |
| | <u>(2,641,053)</u> | <u>(4,835,689)</u> |

Financial assets measured at amortised cost comprise trade and other debtors, amounts owed by group undertakings and cash at bank and in hand.

Financial assets measured at fair value through profit or loss comprise financial instruments relating to foreign exchange forward contracts and interest rate swaps.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Financial liabilities measured at fair value through profit or loss comprise other loans relating to gold loans and financial instruments relating to foreign exchange forward contracts and interest rate swaps.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

21 Provisions for liabilities

| | Deferred taxation £ | Onerous lease provision £ | Total £ |
|-------------------------------------|---------------------------|------------------------------------|----------------|
| At 1 January 2018 | 144,154 | 1,056,781 | 1,200,935 |
| Credited to profit and loss account | (16,048) | (500,547) | (516,595) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2018 | 128,106 | 556,234 | 684,340 |
| | <hr/> | <hr/> | <hr/> |

The provision for deferred taxation is made up as follows:

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 127,413 | 142,431 |
| Other timing differences | 693 | 1,723 |
| | <hr/> | <hr/> |
| | 128,106 | 144,154 |
| | <hr/> | <hr/> |

The onerous lease provision relates to a fraudulent contract arrangement.

22 Share capital

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 830,000 Ordinary A shares of £0.02 each | 16,600 | 16,600 |
| | <hr/> | <hr/> |

23 Pension commitments

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 pension charge amounted to £141,247 (2017 - £141,809). Contributions amounting to £17,472 (2017 - £16,752) were payable to the fund at the year end and are included in creditors.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

24 Commitments under operating leases

As at 31 December 2018, the company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 £ | 2017 £ |
|--|----------------|------------------|
| Not later than 1 year | 592,011 | 733,300 |
| Later than 1 year and not later than 5 years | 250,649 | 824,485 |
| Later than 5 years | - | 11,500 |
| | <u>842,660</u> | <u>1,569,285</u> |

25 Other financial commitments

At the year end, the company has foreign exchange forward contract commitments to purchase \$1,500,000 for £1,160,061 (2017 - \$1,275,000 for £958,703). The fair value profit/loss on these commitments at the year end was an asset of £13,540 (2017 - £15,897 liability). The fair value loss on an interest rate swap at the year end was a liability of £Nil (2017 - £Nil). The net fair value asset was £13,540 (2017 - £15,897 liability).

26 Related party transactions

The company is wholly owned subsidiary of Weston Beamor Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 102 not to disclose transactions with Weston Beamor Holdings Limited or other wholly owned subsidiaries within the group.

Key management personnel include all directors of the company. The total paid to directors is disclosed in note 5. The directors do not consider any other personnel to be classed as key management. The directors have authority and responsibility for planning directing and controlling the activities of the company.

27 Ultimate parent company and parent undertaking of larger group

At 31 December 2018, the Company is a subsidiary of Weston Beamor Holdings Limited, incorporated in England and Wales.

At 31 December 2018, the ultimate controlling party is L. Possehl & Co MbH.

At 31 December 2018, the largest group in which the results of the company are consolidated is that headed by L. Possehl & Co. mbH, incorporated in Germany. The smallest group in which they are consolidated is that headed by Heimerle & Meule GmbH, incorporated in Germany. The consolidated accounts are available to the public and may be obtained from Beckergrube 38-52, 23552 Lubeck, Germany.