

COMPANIES HOUSE COPY

WB The Creative Jewellery Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 00465213

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WB The Creative Jewellery Group Limited

Report and financial statements for the year ended 31 December 2017

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Directors

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

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 2017

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

Principal activities and review of business

The principal activities of the Company 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. 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.

In 2017 market conditions were even tougher than expected. Demand for jewellery was impacted by the squeeze on consumer incomes. Footfall on the High St was significantly reduced and a number of jewellery retailers closed down. Volumes of precious jewellery supplied to the UK market, in the main alloys used by the Company, fell in 2017. Volumes continued to grow slowly in the first half, but shrank sharply in the second half. For the year as a whole volumes fell. Against this background the Company grew sales 3.1%, largely due to growth in exports, successful product launches and continuing growth in our bespoke design and manufacturing business. There was a 0.8% deterioration in Gross Margin %, which combined with a 3% increase in administrative expenses, caused Operating Profit before exceptional costs to fall.

The exceptional costs arose from a contract to reduce post/freight costs which the Company entered in 2016. This contract subsequently turned out to be fraudulent, generating an exceptional provision in 2017.

Key performance indicators

A variety of indicators are used: gross profit % fell during the year due to a swing in product and customer mix. Overheads increased 3% in the year mainly due to an increase in employment costs. Operating profit before exceptional costs was down 12%. Interest costs rose due to a reduction in interest received from other parts of the Group as intra Group loans were reduced. There was a loss before tax due to the exceptional costs.

Working capital (i.e. stocks and trade debtors less trade creditors) at the end of 2017 was £0.2m up on 2016, mainly due to the timing of purchases. Efforts to control stock and robust credit control policies will continue in 2018 to keep tight control on this.

Shareholders' funds fell by £0.3m in 2017, due to the loss generated by the exceptional costs.

Future developments

In January 2018 the Company's shareholder, Weston Beamor Holdings, was sold to a German trade buyer, Heimerle and Meule, the oldest bullion house 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. As part of this transaction the Company's bank overdraft and debt was paid off and security over assets released. As a result, the Company starts 2018 debt free and with unencumbered assets. This puts the Company in a better position to face what continues to be a very tough market environment.

Efforts are being focussed on areas where the company can find growth, particularly export opportunities and certain product sectors within the UK market. In addition, the project to repatriate manufacture of certain products is being continued. 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 2017 (*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 impacts on the businesses' working capital requirements, its revenues and on its gross profit. By holding stock of precious metal products it is exposed to changes in their prices. End product prices in the jewellery market flex to accommodate movements in precious metal prices so the Company's exposure is limited to the time that it holds material in stock. The Company minimises this exposure by working to drive down stock levels and also by holding a gold loan (the "Gold Loan") to hedge the gold it holds. The latter is denominated in a fixed quantity of gold and is valued at the rates ruling on 31 December 2017, with any gains or losses arising, recognised in the profit and loss in the current period.

In 2017 volumes in the UK precious jewellery market fell. 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 maintain volumes. 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 26 shows the level of contractual commitments at 31 December 2017.

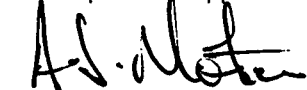
The Company finances its operations through a mixture of retained profits and bank or other third party borrowings. The Company borrows at both floating and fixed interest rates. Through floating rate borrowings the Company is exposed to the risk of interest rate increases. The acquisition of the Company by the Possehl Group has significantly reduced this risk as the Company's debt has been repaid.

Financial instruments

The Company's financial instruments, other than derivatives, comprise borrowings, some cash and liquid resources, borrowings denominated in gold, "Gold Loan", 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 23-8-18 and signed on its behalf.



Mr A J Morton

Director

WB The Creative Jewellery Group Limited

Report of the directors for the year ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

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 loss for the year, after taxation, amounted to £355,800 (2016 - £1,268,674 profit).

The profit and loss account is set out on page 8 and shows the result for the year.

Interim dividends of £Nil per share, £Nil (2016 - £3.66 per share, £3,040,000) were paid to ordinary shareholders during the year.

Directors

The directors who served during the year were:

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

Report of the directors for the year ended 31 December 2017 (*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.

Post balance sheet events

Subsequent to the year end, on 22nd January, Weston Beamor Holdings Limited, including the subsidiary company WB The Creative Jewellery Group Limited, has been sold to the Heimerle Meule Group, with L. Possehl & Co MbH being the ultimate parent company.

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 23-8-18 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 THE 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 2017 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 2017 and of its loss 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.

WB The Creative Jewellery Group Limited

Independent auditor's report (*continued*)

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.

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.



Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date: *29 August 2018*

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 2017

	Note	2017 £	2016 £
Turnover	3	21,802,115	21,138,990
Cost of sales		(16,246,627)	(15,575,851)
Gross profit		5,555,488	5,563,139
Administrative expenses		(4,495,434)	(4,362,613)
Other operating income	6	7,000	7,000
Exceptional costs	7	(1,456,659)	-
Operating (loss)/profit	7	(389,605)	1,207,526
Analysed as:			
Operating profit before exceptional costs		1,067,054	1,207,526
Exceptional costs		(1,456,659)	-
Operating (loss)/profit		(389,605)	1,207,526
Interest receivable and similar income	8	84,123	241,912
Interest payable and similar charges	9	(89,804)	(101,035)
(Loss)/profit before tax		(395,286)	1,348,403
Tax on (loss)/profit	10	39,486	(79,729)
(Loss)/profit for the year		(355,800)	1,268,674
Other comprehensive income		-	-
Total comprehensive (deficit)/income for the year		(355,800)	1,268,674

All amounts relate to continuing activities.

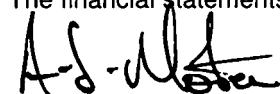
The notes on pages 12 to 27 form part of these financial statements.

WB The Creative Jewellery Group Limited

Statement of financial position At 31 December 2017

Company number 00465213	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	12		1,160,830		1,293,497
Investments	13		200		200
			<hr/>		<hr/>
			1,161,030		1,293,697
Current assets					
Stocks	14	1,956,904		2,368,953	
Debtors: amounts falling due after more than one year	15	2,000,000		2,000,000	
Debtors: amounts falling due within one year	15	6,434,226		5,782,768	
Cash at bank and in hand	16	1,317,455		1,840,210	
		<hr/>		<hr/>	
		11,708,585		11,991,931	
Creditors: amounts falling due within one year	17	(5,399,801)		(4,664,073)	
		<hr/>		<hr/>	
Net current assets			6,308,784		7,327,858
Total assets less current liabilities			<hr/>		<hr/>
			7,469,814		8,621,555
Creditors: amounts falling due after more than one year	18		(67,666)		(1,920,199)
Provisions for liabilities	21	(1,200,935)		(144,343)	
		<hr/>	<hr/>	<hr/>	<hr/>
			(1,200,935)		(144,343)
Net assets			<hr/>		<hr/>
			6,201,213		6,557,013
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			6,158,403		6,514,203
			<hr/>		<hr/>
Shareholders' funds			<hr/>		<hr/>
			6,201,213		6,557,013

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 23-8-18



Mr A J Morton
Director

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

Statement of changes in Equity As at 31 December 2016

	Share capital £	Share premium £	Capital redemption £	Profit and loss account £	Total equity £
At 1 January 2016	16,600	25,336	874	8,285,529	8,328,339
Comprehensive income for the year					
Profit for the year	-	-	-	1,268,674	1,268,674
Total comprehensive income for the year	-	-	-	1,268,674	1,268,674
Contributions by and distributions to owners					
Dividends: equity capital	-	-	-	(3,040,000)	(3,040,000)
Total transactions with owners	-	-	-	(3,040,000)	(3,040,000)
At 31 December 2016	16,600	25,336	874	6,514,203	6,557,013

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 2017

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. 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).

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Weston Beamor Holdings Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.

The following principal accounting policies have been applied:

1.4 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.

1.5 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.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

1.5 Tangible fixed assets (*continued*)

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.

Land is not depreciated.

Depreciation is provided on the following bases:

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.

1.6 Valuation

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 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.

1.8 Debtors

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

1.9 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 2017 (*continued*)

1 Accounting policies (*continued*)

1.10 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.

1.11 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.

1.12 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.

1.13 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 2017 (*continued*)

1 Accounting policies (*continued*)

1.14 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.

1.15 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.

1.16 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 2017 (*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.

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:

	2017 £	2016 £
United Kingdom	19,495,831	19,537,153
Rest of Europe	1,770,499	1,575,554
Rest of the world	535,785	26,283
	<hr/>	<hr/>
	21,802,115	21,138,990
	<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 2017 (*continued*)

4 Employees

	2017 £	2016 £
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	3,390,440	3,227,100
Social security costs	352,301	328,701
Cost of defined contribution scheme	141,809	133,556
	<u>3,884,550</u>	<u>3,689,357</u>

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

	2017 Number	2016 Number
Employees	<u>125</u>	<u>119</u>

5 Directors' remuneration

	2017 £	2016 £
Directors' emoluments	300,024	248,962
Company contributions to defined contribution pension schemes	20,424	20,134
	<u>320,448</u>	<u>269,096</u>

The total amount payable to the highest paid director in respect of emoluments was £119,677 (2016 - £109,583). Company pension contributions of £8,012 (2016 - £7,898) were made to a money purchase scheme on his behalf.

Three directors received emoluments during the current year (2016 - Three). There were three directors in the company's defined contribution pension scheme during the year (2016 - 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

	2017 £	2016 £
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 2017 (*continued*)

7 Operating (loss)/profit

	2017 £	2016 £
The operating (loss)/profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	189,102	234,722
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts.	18,975	18,400
- Taxation services	6,737	2,335
- Other	1,500	900
Exchange differences	(164,220)	(6,190)
Loss on revaluation of gold loan	11,759	145,689
Operating lease costs	50,706	53,541
	<hr/>	<hr/>

Exceptional items

During the year, the company incurred exceptional costs of £1,456,659 (2016 - £Nil) in relation to a fraudulent contract arrangement.

8 Interest receivable

	2017 £	2016 £
Interest receivable from group companies	83,928	241,428
Other interest receivable	195	484
	<hr/>	<hr/>
	84,123	241,912
	<hr/>	<hr/>

9 Interest payable and similar charges

	2017 £	2016 £
Bank loans and overdrafts	68,192	83,862
All other loans (excluding loans from group companies)	12,776	9,946
Finance leases and hire purchase contracts	8,836	7,227
	<hr/>	<hr/>
	89,804	101,035
	<hr/>	<hr/>

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

10 Taxation on (loss)/profit from ordinary activities

	2017 £	2016 £
Corporation tax		
Current tax on (loss)/profits for the year	-	229,207
Adjustment in respect of previous years	(39,297)	(155,269)
Total current tax	(39,297)	73,938
Deferred tax		
Origination and reversal of timing differences	(7,465)	3,453
Adjustments in respect of prior periods	7,276	10,626
Effect of tax rate change	-	(8,288)
Total deferred tax	(189)	5,791
Taxation on (loss)/profit on ordinary activities	(39,486)	79,729

Factors affecting tax charge for the year

The tax assessed for the year is higher (2016 lower) than the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	(395,286)	1,348,403
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(76,093)	269,681
Effects of:		
Expenses not deductible for tax purposes	12,496	7,219
Effect of tax rate change	987	(8,897)
Adjustments to current tax in respect of prior periods	(39,297)	(155,269)
Adjustments to deferred tax in respect of prior periods	7,276	10,626
Group relief claimed	-	(43,631)
R&D deduction	(8,410)	-
Losses carried back	59,737	-
Other differences	3,818	-
Total tax charge/(credit) for year	(39,486)	79,729

Factors that may affect future tax charges

The 2016 budget confirmed that the UK corporation tax rate will reduce to 19% to apply from 1 April 2017 and 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 2017 (*continued*)

11 Dividends

	2017 £	2016 £
Interim paid of £Nil (2016 - £3.66) per share	-	3,040,000

Included within 2016 dividends is a dividend of £3.01 per share, £2,500,000, which was offset against the intercompany loan to the parent company.

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*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 2017	962,698	1,505,461	68,493	1,325,060	958,619	4,820,331
Additions	-	41,624	-	10,125	4,687	56,436
Disposals	-	-	(68,493)	-	-	(68,493)
At 31 December 2017	962,698	1,547,085	-	1,335,185	963,306	4,808,274
<i>Depreciation</i>						
At 1 January 2017	288,828	1,022,606	68,493	1,266,368	880,540	3,526,835
Charge for the year	19,255	113,910	-	36,699	19,238	189,102
Disposals	-	-	(68,493)	-	-	(68,493)
At 31 December 2017	308,083	1,136,516	-	1,303,067	899,778	3,647,444
<i>Net book value</i>						
At 31 December 2017	654,615	410,569	-	32,118	63,528	1,160,830
At 31 December 2016	673,870	482,855	-	58,692	78,079	1,293,497

The net book value of tangible fixed assets includes an amount of £297,934 (2016 - £390,993) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £93,059 (2016 - £89,821). 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 2017 (*continued*)

13 Fixed asset investments

Investments
in subsidiary
companies
£

Cost and net book value

At 1 January 2017 and 31 December 2017

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
V. J. Beale Limited	UK	100%	Dormant
Advalorem Limited	UK	100%	Dormant

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

14 Stocks

	2017 £	2016 £
Raw materials and consumables	60,384	120,334
Finished goods and goods for resale	1,896,520	2,248,619
	<u>1,956,904</u>	<u>2,368,953</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 £15,182,757 (2016 - £14,146,841).

An impairment gain of £53,041 (2016 - £55,509 gain) 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 £253,827 (2016 - £306,868).

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 2017 of £500,224 (2016 - £642,586). 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 2017 (*continued*)

15 Debtors

	2017 £	2016 £
Due after more than one year		
Amounts owed by group undertakings	2,000,000	2,000,000
Due within one year		
Trade debtors	3,227,968	3,123,808
Amounts owed by group undertakings	2,603,972	2,064,568
Financial instruments (see note 26)	-	56,718
Prepayment and accrued income	514,869	537,674
Corporation tax recoverable	87,417	-
	6,434,226	5,782,768

An impairment loss recognised within the statement of comprehensive income for the period in respect of bad and doubtful trade and other debtors was £21,268 (2016 - £23,549).

The bad debt provision made against gross debtors was £399,828 (2016 - £375,442).

16 Cash and cash equivalents

	2017 £	2016 £
Cash at hand and in bank	1,317,455	1,840,210
Less: bank overdrafts (see note 17)	(1,797,814)	(201,136)
	(480,359)	1,639,074

WB The Creative Jewellery Group Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

17 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loan and overdrafts (secured, see note 19)	1,797,814	201,136
Other loans	618,816	607,057
Trade creditors	1,889,772	2,421,919
Amounts owed to group undertakings	101,058	139,281
Corporation tax	-	57,656
Taxation and social security	631,778	842,452
Obligations under finance lease and hire purchase contracts	50,605	79,402
Other creditors	28,193	38,430
Accruals and deferred income	265,868	276,740
Financial instruments (see note 20)	15,897	-
	5,399,801	4,664,073

The company has gold loans included in other loans totalling 644 ounces (2016 - 644 ounces) with Cooksons Gold (2016 - Nova Scotia) at an interest rate of 2.1% per annum (2016 - 1.6%), which is repayable within one year. The value of the loan denomination in its home currency amounted to £618,816 (2016 - \$741,246) as at the statement of financial position date. The loan is secured by a guarantee of £500,000 (2016 - £500,000) in favour of the lender.

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

Subsequent to the year end, on 22nd January, the balance for bank loan and overdrafts has been repaid in full.

18 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans (secured, see note 19)	-	1,802,392
Obligations under finance leases and hire purchase contracts	67,666	117,807
	67,666	1,920,199

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, £31,996 (2016 - £50,141) is due within more than one year but not more than two years, £35,670 (2016 - £67,666) is due in more than two years but not more than five years and £Nil (2016 - £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 2017 (continued)

19 Loans

	2017 £	2016 £
Analysis of the maturity of loans is given below:		
Amounts falling due within one year		
Other loans	618,816	607,057
Bank loans and overdrafts	1,797,814	201,136
	<u>2,416,630</u>	<u>808,193</u>
Amounts falling due after one year		
Bank loans	-	1,802,392
	<u>-</u>	<u>1,802,392</u>

The bank loan is secured by a charge over the company's property at 3-8 Vyse Street, Birmingham. The interest rate charged is 2% above base rate. Subsequent to the year end, on 22nd January, the balance for bank loan and overdrafts has been repaid in full.

20 Financial Instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at amortised cost	9,149,395	9,028,586
Financial assets measured at fair value through profit or loss	-	56,718
	<u>9,149,395</u>	<u>9,085,304</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(4,200,976)	(5,077,108)
Financial liabilities measured at fair value through profit or loss	(634,713)	(607,057)
	<u>(4,835,689)</u>	<u>(5,684,165)</u>

Financial assets measured at amortised cost comprise trade 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 2017 (*continued*)

21 Provisions for liabilities

	Deferred taxation £	Onerous lease provision £	Total £
At 1 January 2017	144,343	-	144,343
(Credited)/charged to profit and loss account	(189)	1,056,781	1,056,592
	<u>144,154</u>	<u>1,056,781</u>	<u>1,200,935</u>
At 31 December 2017	<u>144,154</u>	<u>1,056,781</u>	<u>1,200,935</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	142,431	144,858
Other timing differences	1,723	(515)
	<u>144,154</u>	<u>144,343</u>

The onerous lease provision relates to a fraudulent contract arrangement.

22 Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
830,000 Ordinary A shares of £0.02 each	<u>16,600</u>	<u>16,600</u>

23 Contingent liabilities

The company is a guarantor to Barclays Bank Plc, along with other group undertakings, in respect of borrowing facilities provided to all group companies. The borrowing facilities are secured by a charge over the company's property at 3-8 Vyse Street, Birmingham. The amount of borrowing outstanding in respect of this cross guarantee at 31 December 2017 is £822,097 (2016 - £644,959). Subsequent to the year end, on 22nd January, this bank loan has been repaid in full.

The gold loan, as per note 17, is secured by a guarantee of £500,000 (2016 - £500,000) in favour of the lender.

24 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 £141,809 (2016 - £133,556). Contributions amounting to £16,752 (2016 - £16,568) 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 2017 (continued)

25 Commitments under operating leases

As at 31 December 2017, the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	733,300	442,216
Later than 1 year and not later than 5 years	824,485	706,560
Later than 5 years	11,500	34,500
	<u>1,569,285</u>	<u>1,183,276</u>

26 Other financial commitments

At the year end, the company has foreign exchange forward contract commitments to purchase \$1,275,000 for £958,703 (2016 - \$1,970,000 for £1,536,926). The fair value profit/loss on these commitments at the year end was a liability of £15,897 (2016 - £61,531 asset). The fair value loss on an interest rate swap at the year end was a liability of £Nil (2016 - £4,813 liability). The net fair value liability was £15,897 (2016 - £56,718 asset).

The company has gold loans included in other loans totalling 644 ounces (2016 - 644 ounces) with Cooksons Gold (2016 - Nova Scotia) at an interest rate of 2.1% per annum (2016 - 1.6%), which is repayable within one year. The value of the loan denomination in its home currency amounted to £618,816 (2016 - \$741,246) as at the statement of financial position date.

27 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.

During the year, a director purchased two cars from the company with a net book value of £Nil for £8,180. A further director made significant purchases from the company totalling £25,582. These purchases were made at arm's length.

28 Ultimate parent company and parent undertaking of larger group

At 31 December 2017, the Company is a subsidiary of Weston Beamor Holdings Limited which is the ultimate parent company incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from 3-8 Vyse Street, Hockley, Birmingham B18 6LT.

At 31 December 2017, the ultimate controlling party is Mr and Mrs P Fuller who together own 89% of the issued share capital of Weston Beamor Holdings Limited.

Subsequent to the year end, on 22nd January, Weston Beamor Holdings Limited and its subsidiaries have been sold to the Heimerle Meule Group, with L. Possehl & Co MbH being the ultimate parent company.