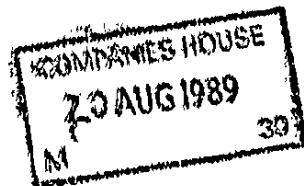


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CORNELIUS & DAVIES LIMITED
TRADING AS E. WOLFE & CO.

ACCOUNTS
FOR THE YEAR ENDED
30TH NOVEMBER 1988

HATLENS FENTON
Chartered Accountants
70/71 New Bond Street
LONDON W1Y 9DE



CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

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CORNELIUS & DAVIES LIMITED - TRADING AS E. WOLFE & CO.

REPORT OF THE DIRECTORS

The Directors present their Report together with the Accounts for the year ended 30th November 1988.

PRINCIPAL ACTIVITIES

The Company is principally engaged as manufacturing jewellers.

RESULTS, REVIEW AND FUTURE DEVELOPMENT

The results for the year are set out on page 3 of the accounts. The directors are pleased to note that the gross profit margin has improved and expect further improvement in the forthcoming year as greater attention is given to overheads.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

DIRECTORS

The Directors in office at the end of the year are listed below and all served on the Board throughout the year.

The interest of the Directors in the Ordinary Shares of the Company at 30th November 1988 and at 30th November 1987, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act 1985, were as follows:-

	<u>1988</u>	<u>1987</u>
Mr. A.R. Cornelius	7,000	7,000
Mr. W. Davies (Resigned 31.1.89)	7,000	7,000
Mrs. M.T. Cornelius	-	-
Mrs. D. Davies (Resigned 31.1.89)	-	-
Mr. R.A. Cornelius	-	-

Mrs. A.J. Cornelius was appointed a Director on 4th March 1989.

DIRECTORS' CONTRACTS

No Directors of the Company have or have had during the year any interest in any contracts with the Company.

AUDITORS

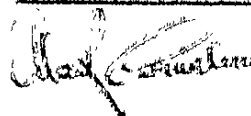
The auditors, Messrs. Hazlens, merged with Michael Penton & Co. on 1st May 1989 and are now practising under the name of Hazlens Penton. Accordingly, they have signed the audit report in their new name. A resolution concerning the appointment of Hazlens Penton as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Registered Office:

63-66 Hatton Garden
London EC1N 8LE

7th June 1989

BY ORDER OF THE BOARD



Secretary

REPORT OF THE AUDITORS
TO THE MEMBERS OF
CORNELIUS & DAVIES LIMITED
TRADING AS E. WOLFE & CO.

We have audited the financial statements on pages 3 to 12.

Our audit was conducted in accordance with approved auditing standards and we have carried out such procedures as we considered necessary having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation the Company's system of control is dependent upon close involvement of the Directors, who are the major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the Directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's financial affairs at 30th November 1988 and of the result and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

HAZLEMS FENION
Chartered Accountants
70/71 New Bond Street
LONDON W1Y 9DE

7th June 1989

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH NOVEMBER 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
<u>TURNOVER</u>	(2)	613,576	628,298
Cost of Sales		498,718	536,033
		<hr/>	<hr/>
<u>GROSS PROFIT</u>		114,858	92,265
Distribution and Selling Costs	51,876	44,914	
Administrative expenses	45,709	36,055	
		<hr/>	<hr/>
		97,583	81,769
		<hr/>	<hr/>
<u>OPERATING PROFIT/(LOSS)</u>	(3)	17,273	10,496
Interest Payable	(5)	(6,045)	(6,583)
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		11,228	3,913
Taxation	(6)	(382)	102
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		11,610	4,015
<u>RETAINED PROFIT BROUGHT FORWARD</u>		126,951	122,936
		<hr/>	<hr/>
<u>RETAINED PROFIT CARRIED FORWARD</u>		£138,561	£126,951
		<hr/>	<hr/>

The notes on pages 6 to 12 form part of these accounts.

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

BALANCE SHEET AS AT 30TH NOVEMBER 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
<u>FIXED ASSETS</u>			
Tangible Assets	(7)	4,572	7,141
<u>CURRENT ASSETS</u>			
Stocks	(8)	197,318	218,635
Debtors	(9)	113,966	104,693
Cash at Bank and in Hand		5,539	1,598
		<u>316,823</u>	<u>324,926</u>
<u>CREDITORS: Amounts Falling Due Within One Year</u>	(10)	<u>168,834</u>	<u>190,734</u>
<u>NET CURRENT ASSETS</u>		<u>147,989</u>	<u>134,192</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>152,561</u>	<u>141,333</u>
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred Taxation	(12)	-	(382)
		<u>152,561</u>	<u>140,951</u>
<u>CAPITAL AND RESERVES</u>			
Share Capital	(13)	14,000	14,000
Profit and Loss Account		138,561	126,951
		<u>152,561</u>	<u>140,951</u>

Approved by the Board on 7th June 1989

A.R. CORNELIUS

R.A. CORNELIUS

) Directors

The notes on pages 6 to 12 form part of these accounts.

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

<u>SOURCE OF FUNDS</u>	<u>1988</u>	<u>1987</u>
Funds Generated from Operations:		
Profit on Ordinary Activities Before Taxation	11,228	3,913
Adjustment for items not involving the movement of funds:		
Depreciation	1,381	2,208
Profit on Sale of Motor Vehicle	(259)	-
	<u>1,122</u>	<u>2,208</u>
	12,350	6,121
<u>FUNDS FROM OTHER SOURCES</u>		
Sale of Motor Vehicle	1,447	-
	<u>13,797</u>	<u>6,121</u>
<u>APPLICATION OF FUNDS</u>		
Purchase of Tangible Fixed Assets	-	(222)
	<u>13,797</u>	<u>5,899</u>
<u>CHANGES IN WORKING CAPITAL</u>		
Stock (Decrease)/Increase	(21,317)	23,240
Debtors Increase/(Decrease)	9,273	(46,546)
Creditors Decrease/(Increase)	77,969	(14,350)
	<u>65,925</u>	<u>(37,656)</u>
<u>MOVEMENT IN NET LIQUID FUNDS:</u>		
Cash & Current A/C Increase/(Decrease)	3,941	(1,093)
Bank Overdraft (Increase)/Decrease	(56,069)	44,848
	<u>(52,128)</u>	<u>43,755</u>
	13,797	5,899

The notes on pages 6 to 12 form part of these accounts.

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost convention. The principal accounting policies are set out below and have remained unchanged from the previous year.

b) Turnover

Turnover represents net invoiced sales of goods, excluding Value Added Tax.

c) Depreciation

Depreciation is calculated on the reducing balance method and aims to write-down the cost of fixed assets over their expected useful lives. The rates generally applicable are:

Plant and Equipment	- 15% on a reducing balance basis
Office Furniture and Equipment	- 20% on a reducing balance basis
Motor Vehicles	- 25% on a reducing balance basis

d) Stocks and Work in Progress

Stock and work in progress has been valued by the Directors at the lower of cost and net realisable value.

In the case of work in progress, cost consists of direct materials, direct labour and attributable production overheads.

Net realisable value means estimated selling prices less all further costs to completion.

e) Deferred Taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation and profits as stated in the accounts, and has been provided for in full.

f) Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the opening profit.

g) Corporation tax has been provided for in full at current rates.

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

(Continued)

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
U.K.	441,509	451,339
Overseas	172,067	176,959
	<hr/>	<hr/>
	£613,576	£628,298
	<hr/>	<hr/>

3. OPERATING PROFIT

The operating profit is stated after charging:

Depreciation of Tangible Fixed Assets	1,381	2,208
Auditors' Remuneration	2,000	1,800
	<hr/>	<hr/>
After crediting:		
Profit on Sale of Motor Vehicle	259	-
	<hr/>	<hr/>

4. DIRECTORS AND EMPLOYEES

a) Staff Costs:

Wages and Salaries	135,936	142,590
Social Security Costs	15,139	14,113
Pension Costs	5,000	5,000
	<hr/>	<hr/>
	£176,075	£161,703
	<hr/>	<hr/>

b) The average weekly number of persons (including Directors) employed by the Company during the year was:

Production and Selling	9	9
Administration	2	2
	<hr/>	<hr/>
	11	11
	<hr/>	<hr/>

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

(Continued)

4. <u>STAFF COSTS - (Cont)</u>	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
c) Staff costs include the following remuneration in respect of Directors:		
Fees as Directors	29,322	17,910
Directors' Salary	27,516	21,346
	<hr/>	<hr/>
	£56,838	£39,256
	<hr/>	<hr/>
Emoluments excluding pension contributions:		
Chairman	£	£ 9,750
Highest Paid Director	£29,322	£21,346
Number of Directors whose emoluments fell within the bands stated	<u>No.</u>	<u>No.</u>
£5,001 - £10,000	1	2
£20,001 - £25,000	-	1
£25,001 - £30,000	2	-
5. <u>INTEREST PAYABLE</u>		
Interest Payable on Bank Loans and Overdrafts	£6,045	£6,583
	<hr/>	<hr/>
6. <u>TAXATION</u>		
The taxation charge on the profit on ordinary activities for the year were:-		
Deferred Taxation Computed at 25%	£(382)	£ 102
	<hr/>	<hr/>

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

(Continued)

7. TANGIBLE FIXED ASSETS

	<u>Plant and Machinery</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>				
At 1st December 1987	570	7,005	19,523	27,098
Disposals	-	-	(9,800)	(9,800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th November 1988	570	7,005	9,723	17,298
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1st December 1987	317	5,407	14,233	19,957
Charge for the Year	38	320	1,023	1,381
Disposals	-	-	(8,612)	(8,612)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th November 1988	355	5,727	6,644	12,726
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Book Value</u>				
At 30th November 1988	£215	£1,278	£3,079	£4,572
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th November 1987	£253	£1,598	£5,290	£7,141
	<hr/>	<hr/>	<hr/>	<hr/>

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

(Continued)

	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
8. <u>STOCKS</u>		
Raw Materials	27,805	24,732
Work in Progress	3,850	4,372
Finished Goods	165,663	189,531
	<u>£197,318</u>	<u>£218,635</u>
9. <u>DEBTORS</u>		
Due within one year:		
Trade Debtors	99,938	93,267
Prepayments and Accrued Income	14,028	11,426
	<u>£113,966</u>	<u>£104,693</u>
10. <u>CREDITORS</u>		
Amounts due within one year:		
Trade Creditors	45,137	114,095
National Insurance and Other Taxes	23,925	24,667
Other Creditors	28,674	27,895
Accruals	2,463	11,513
	<u>100,201</u>	<u>178,170</u>
Bank Loans and Overdrafts (See Note 11)	68,633	12,564
	<u>£168,834</u>	<u>£190,734</u>

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

(Continued)

11. BANK LOANS AND OVERDRAFTS

	<u>1988</u>	<u>1987</u>
The aggregate amount of bank loans and overdrafts was as follows:	<u>£</u>	<u>£</u>
Falling due within one year:		
Bank Overdraft	68,633	12,564
	<u>£68,633</u>	<u>£12,564</u>

12. DEFERRED TAXATION

The amount provided and the total potential liability for deferred taxation were as follows:

	<u>1988</u>		<u>1987</u>
	<u>Amount Provided</u>	<u>Potential Liability</u>	<u>Amount Provided</u>
Accelerated Capital Allowances	£ -	£ -	£382
	<u>£ -</u>	<u>£ -</u>	<u>£382</u>

13. SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
<u>Authorised:</u>		
14,000 Ordinary Shares of £1 each	£14,000	£14,000
<u>Allotted, Issued and Fully Paid:</u>		
14,000 Ordinary Shares of £1 each	£14,000	£14,000

CORNELIUS & DAVIES LIMITED

TRADING AS E. WOLFE & CO.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1988

(Continued)

14. CAPITAL COMMITMENTS

There were no capital commitments at 30th November 1988.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 30th November 1988.

16. SUBSEQUENT EVENTS

No events of a significant enough nature have occurred since the Balance Sheet date to alter the view shown in the accounts as at that date.