
BEVERLEY HILLS JEWELLERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

BEVERLEY HILLS JEWELLERS LIMITED

COMPANY INFORMATION

Directors	J Hartstone Esq (deceased 23 March 2019) Mrs J Hartstone M De Vries Esq B J Harstone R Haymes (appointed 8 April 2019)
Registered number	02140774
Registered office	35 Ballards Lane London N3 1XW
Independent auditors	Berg Kaprow Lewis LLP Chartered Accountants and Statutory Auditors 35 Ballards Lane London N3 1XW
Business Address	108 Hatton Garden London EC1N 8LY

BEVERLEY HILLS JEWELLERS LIMITED

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BEVERLEY HILLS JEWELLERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

Introduction

Beverley Hills Jewellers Limited (the 'Company') specialises in diamond jewellery and design, loose gemstones, bespoke and vintage jewellery. The Company operates various stores within the Hatton Garden area in London.

Business review

The economic climate continues to pose challenges and unfortunately the business has suffered to a period of economic uncertainty, particularly as a result of the UK leaving the European Union due to Brexit. The business has therefore suffered declining revenues due to this however gross margin has been maintained.

The business was unable to react quickly enough to the changing conditions during the year, but since the year end a new board of directors has been put in place. A strategy has been developed to streamline operations and also put in place new online revenue streams. This will also ensure the business remains robust during the current Covid-19 pandemic and its impact on the retail sector.

Despite this, the directors consider the financial position of the company was satisfactory.

Principal risks and uncertainties

In terms of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at agreed rates of interest. The liquidity risk is managed by ensuring that there are sufficient funds to meet the payments. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The global pandemic has put an additional strain on liquidity due to the lockdown and shop closures.

Financial key performance indicators

The Company monitors its performance against strategic objectives by means of key performance indicators. The main KPIs that it uses are orientated around gross profit, turnover and net assets. As such, the following were observed:

Sales

2019: £9.284m

2018: £11.570m

Gross Profit (%)

2019: 40.9%

2018: 41.2%

Operating Profit / (Loss)

2019: £(55,434)

2018: £749,912

Net Current Assets

2019: £6,972,157

2018: £7,593,066

BEVERLEY HILLS JEWELLERS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Other key performance indicators

Non-financial KPIs are not produced here as given the nature of the business, the Company's directors are of the opinion that analysis using such measures is not necessary for an understanding of the development, performance or position of the entity.

This report was approved by the board and signed on its behalf.

.....
Mrs J Hartstone
Director

Date: 15 September 2020

BEVERLEY HILLS JEWELLERS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors' responsibilities statement

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). 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.

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In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Principal activity

The principal activity of the Company continued to be that of the sale of jewellery.

Results and dividends

The loss for the year, after taxation, amounted to £155,832 (2018 - profit £522,772).

Dividends of £67,320 (2018: £175,920) have been declared during the year.

Directors

The directors who served during the year were:

J Hartstone Esq (deceased 23 March 2019)
Mrs J Hartstone
M De Vries Esq
B J Harstone
R Haymes (appointed 8 April 2019)

BEVERLEY HILLS JEWELLERS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Future developments

The Directors expect continued slowdown in retail sales in the short to medium term and are therefore looking at setting up additional strategic partnerships and investing in Digital Arena to reduce reliance on its traditional business. Additionally once both Brexit is out the way and with the expected increase in footfall with the completion of Crossrail, the directors expect its retail sales to increase.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

Post balance sheet events

Since the year end, the Company has faced difficult trading circumstances alongside the global Covid-19 Pandemic and the impending exit of the UK from the European Union. Both have created a period of great uncertainty.

Independent Auditors

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

.....
Mrs J Hartstone
Director

Date: 15 September 2020

BEVERLEY HILLS JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEVERLEY HILLS JEWELLERS LIMITED

Opinion

We have audited the financial statements of Beverley Hills Jewellers Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 30 June 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates the conditions identified that may cast significant doubt on the Company's ability to continue as a going concern. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Auditors' 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.

BEVERLEY HILLS JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEVERLEY HILLS JEWELLERS LIMITED (CONTINUED)

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.

Opinion 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the 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 or the Directors' 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 on page 3, 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.

BEVERLEY HILLS JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEVERLEY HILLS JEWELLERS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Michael Wedge FCA (Senior Statutory Auditor)

for and on behalf of

Berg Kaprow Lewis LLP

Chartered Accountants and Statutory Auditors

London

15 September 2020

BEVERLEY HILLS JEWELLERS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 £	2018 £
Turnover	4	9,283,609	<i>11,568,000</i>
Cost of sales		(5,486,153)	<i>(6,798,262)</i>
Gross profit		3,797,456	<i>4,769,738</i>
Administrative expenses		(3,852,890)	<i>(4,019,826)</i>
Operating (loss)/profit	5	(55,434)	<i>749,912</i>
Interest payable and expenses	9	(111,350)	<i>(96,306)</i>
(Loss)/profit before tax		(166,784)	<i>653,606</i>
Tax on (loss)/profit	10	10,952	<i>(130,834)</i>
(Loss)/profit for the financial year		(155,832)	<i>522,772</i>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 31 form part of these financial statements.

BEVERLEY HILLS JEWELLERS LIMITED
REGISTERED NUMBER: 02140774

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £		2018 £
Fixed assets				
Intangible assets	12	15,194		33,962
Tangible assets	13	136,977		174,667
Investments	14	158		158
		152,329		208,787
Current assets				
Stocks	15	10,585,655	11,055,482	Page 9
Debtors: amounts falling due within one year	16	385,127	298,386	
Cash at bank and in hand	17	161,888	118,087	
		11,132,670	11,471,955	
Creditors: amounts falling due within one year	18	(4,160,513)	(3,878,889)	
Net current assets		6,972,157		7,593,066
Total assets less current liabilities		7,124,486		7,801,853
Creditors: amounts falling due after more than one year	19	(543,405)		(997,620)
Net assets		6,581,081		6,804,233
Capital and reserves				
Called up share capital	22	158		158
Profit and loss account		6,580,923		6,804,075
		6,581,081		6,804,233

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

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Mrs J Hartstone
 Director

Date: 15 September 2020

The notes on pages 13 to 31 form part of these financial statements.

BEVERLEY HILLS JEWELLERS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

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	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2017	158	6,457,223	6,457,381
Comprehensive income for the year			
Profit for the year	-	522,772	522,772
Total comprehensive income for the year	-	522,772	522,772
Dividends: Equity capital	-	(175,920)	(175,920)
Total transactions with owners	-	(175,920)	(175,920)
At 1 July 2018	158	6,804,075	6,804,233
Comprehensive income for the year			
Loss for the year	-	(155,832)	(155,832)
Total comprehensive income for the year	-	(155,832)	(155,832)
Dividends: Equity capital	-	(67,320)	(67,320)
Total transactions with owners	-	(67,320)	(67,320)
At 30 June 2019	158	6,580,923	6,581,081

The notes on pages 13 to 31 form part of these financial statements.

BEVERLEY HILLS JEWELLERS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

2019	2018
£	£

Cash flows from operating activities		
(Loss)/profit for the financial year	(155,832)	522,772
Adjustments for:		
Amortisation of intangible assets	18,768	29,473
Depreciation of tangible assets	37,690	42,285
Interest paid	111,350	96,306
Taxation charge	(10,952)	130,834
Decrease in stocks	469,828	394,968
(Increase) in debtors	(86,743)	(42,651)
Increase/(decrease) in creditors	184,232	(190,108)
Corporation tax (paid)	(80,000)	(261,000)
Net cash generated from operating activities	488,341	<u>722,879</u>
Cash flows from financing activities		
New secured loans	-	750,000
Repayment of loans	(538,194)	(504,343)
Repayment of other loans	-	(15,240)
Dividends paid	(178,600)	(175,970)
Interest paid	(73,107)	(67,270)
Deferred consideration on acquisition of new shop	(182,340)	(183,323)
Net cash used in financing activities	(972,241)	<u>(196,096)</u>
Net (decrease)/increase in cash and cash equivalents	(483,900)	526,783
Cash and cash equivalents at beginning of year	(452,019)	(978,802)
Cash and cash equivalents at the end of year	(935,919)	<u>(452,019)</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	161,888	118,087
Bank overdrafts	(1,097,807)	(570,106)
	(935,919)	<u>(452,019)</u>

The notes on pages 13 to 31 form part of these financial statements.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. General information

Beverley Hills Jewellers Limited ("the Company") is principally involved in the selling of jewellery. The Company is a private company limited by shares and is incorporated in England and Wales. The principal place of business is 108 Hatton Garden, London, United Kingdom, EC1N 8LY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") 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 judgment in applying the Company's accounting policies (see note 3).

Group Accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as all of its subsidiaries are dormant companies and their only asset being the balance with Beverley Hills Jewellers Limited and they have no liabilities or reserves.

The following principal accounting policies have been applied:

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements, and will be able to meet its debts as they fall due.

The Company made a loss for the year ended 30 June 2019 of £155,832 and as at 30 June 2019 it had net assets of £6,581,081.

Due to the current extreme trading conditions arising out of the Coronavirus outbreak and the impending exit of the UK from the European Union as a result of Brexit, the Company has consolidated certain operations since the year end. In addition new revenue streams are being developed using online platforms as a response to the Coronavirus outbreak and to protect against any potential second wave.

The Company has a close and open relationship with its major creditor. The Company is undertaking active negotiations with regards to any potential refinance opportunities and available government reliefs under the Coronavirus Business Interruption Loan Scheme should this be required.

The Company was able to take advantage of the Coronavirus Job Retention Scheme during the forced closure of retail premises. In addition landlords have been supportive in providing rent deferrals and holidays. Additional liquidity has also been provided by the majority shareholder to provide a working capital buffer until trading conditions are stabilised.

Moreover, all forecasts used on which to base this going concern assumption have been revised and will need to be revised continuously in light of the current extreme trading conditions arising out of the Coronavirus outbreak and the impending exit of the UK from the European Union as a result of Brexit. On the basis of the cashflow forecasts and projections prepared by the company, the directors believe that it is appropriate to prepare these accounts on a going concern basis.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the title of goods passes to the customer at the point of sale.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life, which is estimated to be between 4 and 7 years. The residual value, useful life and amortisation method of goodwill are reviewed and adjusted prospectively if appropriate, or if there is any indication of a significant change since the last reporting date.

2.5 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the term of the lease
Fixtures and fittings	- 25% 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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase.

At each year end 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.8 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial instruments

Basic financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from third parties and loans from related parties are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Other financial instruments

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.14 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company.

independently administered funds.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 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 charge 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No judgments (apart from those involving estimates) have been made in the process of applying the above accounting policies.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

(ii) Stock provisioning

The Company manufactures and sells jewellery and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of stock and associated provision.

4. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	37,690	42,285
Amortisation of intangible assets, including goodwill	18,768	29,473
Exchange differences	24,855	(74,522)
Other operating lease rentals	588,281	504,758
Defined contribution pension cost	32,703	14,071
Stock recognised as an expense	<u>4,926,107</u>	<u>6,164,150</u>

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6. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	22,000	18,000
Fees payable to the Company's auditor and its associates in respect of:		
Taxation services	1,700	1,600
All other services	<u>1,500</u>	<u>4,334</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	1,955,467	2,088,304
Social security costs	193,960	212,883
Cost of defined contribution scheme	32,703	14,071
	<u>2,182,130</u>	<u>2,315,258</u>

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

	2019	2018
	No.	No.
No. of Employees	<u>57</u>	<u>63</u>

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

8. Directors' remuneration

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	2019	2018
	£	£
Directors' emoluments	166,473	156,752
Company contributions to defined contribution pension schemes	<u>1,263</u>	<u>495</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	74,815	62,265
Other loan interest payable	<u>36,535</u>	<u>34,041</u>
	<u>111,350</u>	<u>96,306</u>

10. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	-	135,958
Adjustments in respect of previous periods	(10,952)	438
Total current tax	<u>(10,952)</u>	<u>136,396</u>
Deferred tax		
Origination and reversal of timing differences	-	(5,562)
Total deferred tax	<u>-</u>	<u>(5,562)</u>
Taxation on (loss)/profit on ordinary activities	<u>(10,952)</u>	<u>130,834</u>

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/Profit on ordinary activities before tax	<u>(166,784)</u>	<u>653,606</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(31,689)	124,834
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	2,124
Capital allowances for year in excess of depreciation	5,449	554
Adjustments to brought forward values	740	-
Adjust closing deferred tax to average rate of 19.00%	1,766	-
Adjust opening deferred tax to average rate of 19.00%	(235)	-
Adjust closing deferred tax to average rate of 20.00%	-	3,322
Deferred tax not recognised	13,017	-
Total tax charge for the year	<u>(10,952)</u>	<u>130,834</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

11. Dividends

	2019 £	2018 £
Dividends	<u>67,320</u>	<u>175,920</u>

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

12. Intangible assets

	Goodwill £
Cost	
At 1 July 2018	194,025
At 30 June 2019	194,025
Amortisation	
At 1 July 2018	160,063
Charge for the year	18,768
At 30 June 2019	178,831
Net book value	
At 30 June 2019	15,194
At 30 June 2018	33,962

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

13. Tangible assets

	Short-term leasehold property	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 July 2018	329,474	560,510	889,984
At 30 June 2019	329,474	560,510	889,984
Depreciation			
At 1 July 2018	209,957	505,360	715,317
Charge for the year on owned assets	23,902	13,788	37,690
At 30 June 2019	233,859	519,148	753,007
Net book value			
At 30 June 2019	95,615	41,362	136,977
At 30 June 2018	119,517	55,150	174,667

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. Fixed asset investments

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 July 2018	158
At 30 June 2019	158
Net book value	
At 30 June 2019	158
At 30 June 2018	158

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	
Jade Jewellers Limited	Ordinary	100 %	Dormant
Brandworth Ltd	Ordinary	100 %	Dormant
Hardfrost Limited	Ordinary	100 %	Dormant
Shelgold Jewellers Limited	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 30 June 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves
	£
Jade Jewellers Limited	100
Brandworth Ltd	100
Hardfrost Limited	100
Shelgold Jewellers Limited	100

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

15. Stocks

2019
£

2018
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Finished goods and goods for resale

10,585,655

11,055,482

The replacement cost of stock is approximately £11.9m (2018: £12.5m).

An impairment provision of £569,503 (2018: £565,608) was recognised against stock at the year end date due to slow-moving stock.

16. Debtors

	2019	2018
	£	£
Trade debtors	3,780	<i>28,893</i>
Other debtors	161,946	<i>60,857</i>
Prepayments and accrued income	219,401	<i>208,636</i>
	<u>385,127</u>	<i><u>298,386</u></i>

17. Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	161,888	<i>118,087</i>
Less: bank overdrafts	(1,097,807)	<i>(570,106)</i>
	<u>(935,919)</u>	<i><u>(452,019)</u></i>

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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18. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts	1,097,807	570,106
Bank loans (secured, see note 19)	385,406	545,515
Trade creditors	1,396,680	1,040,432
Amounts owed to group undertakings	7,900	7,900
Corporation tax	87,878	175,737
Other taxation and social security	343,527	410,822
Other creditors	517,049	877,145
Accruals and deferred income	324,266	251,232
	<u>4,160,513</u>	<u>3,878,889</u>

19. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Bank loans	543,405	921,488
Other creditors	-	76,132
	<u>543,405</u>	<u>997,620</u>

Bank loans of £928,811 (2018: £1,467,004) are secured by way of a debenture comprising fixed and floating charges over all the assets of the Company. Interest is charged at 3% per annum over the Bank's Base Rate. A multilateral guarantee has been given by all group companies in respect of the bank loans, and a personal guarantee has been given by the estate of JH Hartstone amounting to £850,000.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

20. Loans

Analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year		
Bank loans	385,406	<i>545,515</i>
Amounts falling due 2-5 years		
Bank loans	543,405	<i>921,489</i>
	<u>928,811</u>	<i><u>1,467,004</u></i>

21. Financial instruments

	2019	2018
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>165,727</u>	<i><u>89,751</u></i>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,272,513)</u>	<i><u>(4,290,130)</u></i>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdraft, other loans, other creditors and accruals.

22. Called up share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
158 (2018 - 158) Ordinary Share Capital shares of £1.00 each	<u>158</u>	<i><u>158</u></i>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

BEVERLEY HILLS JEWELLERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

23. Contingent liabilities

The company has given a Guarantee dated 26 November 2009 in favour of HM Revenue & Customs for GBP £200,000.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £32,703 (2018: £14,071).

Contributions totalling £676 (2018: £4,606) were payable to the fund at the year end date and are included within other creditors.

25. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	582,750	<i>530,000</i>
Later than 1 year and not later than 5 years	1,712,646	<i>764,625</i>
Later than 5 years	230,000	<i>74,917</i>
	<u>2,525,396</u>	<i><u>1,369,542</u></i>

26. Related party transactions

Shown hereunder are the debtor / (creditor) balances with related parties as at the year end:

	2019	2018
	£	£
Entities over which the Company have control and significant influence	(7,900)	<i>(7,900)</i>
Key management personnel of the company	(384,203)	<i>(650,483)</i>

The disclosure of key management, who are considered to be the directors is set out in note 8.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

27. Post balance sheet events

Since the year end, the Company has faced difficult trading circumstances alongside the global Covid-19 Pandemic and the impending exit of the UK from the European Union. Both have created a period of great uncertainty.

28. Controlling party

The Company is under the control of Mrs J Hartstone by virtue of her majority shareholding.