

Company Registration No 00753013 (England and Wales)

MOUSSAIEFF JEWELLERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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MOUSSAIEFF JEWELLERS LIMITED

COMPANY INFORMATION

Directors	A Moussaieff S Moussaieff
Secretary	R Gupta
Company number	00753013
Registered office	P O Box 7010 First Floor 44 - 46 Whitfield Street London W1A 2EA
Auditors	Harold Everett Wreford LLP 1st Floor, 44 - 46 Whitfield Street London W1T 2RJ
Bankers	Barclays Bank PLC

MOUSSAIEFF JEWELLERS LIMITED

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MOUSSAIEFF JEWELLERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and financial statements for the year ended 31 March 2013

Principal activities and review of the business

The principal activity of the company during the year continued to be the retail and wholesale of jewellery

The results for the year were considered satisfactory by the directors

Key performance indicators include

Turnover £92,453,667 (2012 - £83,341,366)

Gross Profit £42,376,724 (2012 - £38,980,900)

Profit after taxation £24,610,169 (2012 - £21,996,329)

The position of the company at the balance sheet date can be summarised as follows

Net shareholders' funds £175,324,826 (2012 - £150,714,657)

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. Due to the nature of the financial instruments there is no exposure to price risk. In respect 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 affordable rates of interest as well as ensuring that the business has sufficient stock to maintain sales. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The company manages its currency risk exposure via its foreign currency bank accounts by only dealing in stable currencies, but does not seek to hedge any remaining exposure. Fluctuating diamond prices expose the company to the risk that the actual price paid for a diamond could be more than its current market value. The company's staff use their skill and knowledge in the purchase of high value diamonds to minimise the risk of purchasing stones that do not maintain their value. The company manages its exposure to the UK economic climate by spreading its activity to other jurisdictions.

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

Future developments

There were no plans for any significant changes in the activity of the company

Directors

The following directors have held office since 1 April 2012

A Moussaieff

S Moussaieff

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year

Auditors

In accordance with the company's articles, a resolution proposing that Harold Everett Wreford LLP be reappointed as auditors of the company will be put at a General Meeting

MOUSSAIEFF JEWELLERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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

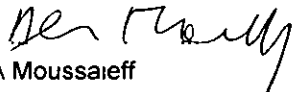
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Statement of disclosure to auditors

So far as the directors are aware

- (a) there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board


A Moussaieff
Director
5 March 2014

MOUSSAIEFF JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MOUSSAIEFF JEWELLERS LIMITED

We have audited the financial statements of MoussaiEFF Jewellers Limited for the year ended 31 March 2013 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MOUSSAIEFF JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF MOUSSAIEFF JEWELLERS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

David Scott (Senior Statutory Auditor)
for and on behalf of Harold Everett Wreford LLP

5 March 2014

Chartered Accountants
Statutory Auditor

1st Floor, 44 - 46 Whitfield Street
London
W1T 2RJ

MOUSSAIEFF JEWELLERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Turnover	2	92,453,667	83,341,366
Cost of sales		(50,076,943)	(44,360,466)
Gross profit		42,376,724	38,980,900
Distribution costs		(1,233,731)	(1,147,956)
Administrative expenses		(7,966,730)	(7,457,761)
Other operating income		54,255	78,443
Operating profit	3	33,230,518	30,453,626
Interest payable and similar charges	4	(812,815)	(702,545)
Profit on ordinary activities before taxation		32,417,703	29,751,081
Tax on profit on ordinary activities	5	(7,807,534)	(7,754,752)
Profit for the year	13	24,610,169	21,996,329

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account


MOUSSAIEFF JEWELLERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	6	1,401,759		1,557,813	
Current assets					
Stocks	7	211,768,147	176,636,438		
Debtors	8	8,236,190	16,683,945		
Cash at bank and in hand		128,143	83,701		
		<u>220,132,480</u>	<u>193,404,084</u>		
Creditors amounts falling due within one year	9	<u>(45,209,413)</u>	<u>(42,247,240)</u>		
Net current assets		174,923,067		151,156,844	
Total assets less current liabilities		<u>176,324,826</u>		<u>152,714,657</u>	
Creditors amounts falling due after more than one year	10	<u>(1,000,000)</u>		<u>(2,000,000)</u>	
		<u>175,324,826</u>		<u>150,714,657</u>	
Capital and reserves					
Called up share capital	12	10,000		10,000	
Profit and loss account	13	175,314,826		150,704,657	
Shareholders' funds	14	<u>175,324,826</u>		<u>150,714,657</u>	

Approved by the Board and authorised for issue on 5 March 2014


A Moussareff
Director

Company Registration No. 00753013

MOUSSAIEFF JEWELLERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	£	£
Net cash inflow from operating activities	6,065,642	9,091,567
Returns on investments and servicing of finance		
Interest paid	(812,815)	(702,545)
Net cash outflow for returns on investments and servicing of finance	(812,815)	(702,545)
Taxation	(9,553,024)	(6,945,031)
Capital expenditure		
Payments to acquire tangible assets	(47,599)	(13,971)
Receipts from sales of tangible assets	-	500
Net cash outflow for capital expenditure	(47,599)	(13,471)
Net cash (outflow)/inflow before management of liquid resources and financing	(4,347,796)	1,430,520
Financing		
Other new short term loans	3,000,000	-
Repayment of long term bank loan	(1,000,000)	-
Repayment of other short term loans	-	(1,000,000)
Net cash inflow/(outflow) from financing	2,000,000	(1,000,000)
(Decrease)/increase in cash in the year	(2,347,796)	430,520

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

1	Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
		£	£
	Operating profit	33,230,518	30,453,626
	Depreciation of tangible assets	203,653	225,003
	Loss on disposal of tangible assets	-	994
	Increase in stocks	(35,131,709)	(18,110,203)
	Decrease/(increase) in debtors	8,447,755	(1,693,938)
	Decrease in creditors within one year	(684,575)	(1,783,915)
	Net cash inflow from operating activities	<u>6,065,642</u>	<u>9,091,567</u>

2	Analysis of net debt	1 April 2012	Cash flow	Other non-cash changes	31 March 2013
		£	£	£	£
	Net cash				
	Cash at bank and in hand	83,701	44,442	-	128,143
	Bank overdrafts	(7,253,099)	(2,392,238)	-	(9,645,337)
		<u>(7,169,398)</u>	<u>(2,347,796)</u>	<u>-</u>	<u>(9,517,194)</u>
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due within one year	(10,000,000)	(3,000,000)	-	(13,000,000)
	Debts falling due after one year	(2,000,000)	1,000,000	-	(1,000,000)
		<u>(12,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(14,000,000)</u>
	Net debt	<u>(19,169,398)</u>	<u>(4,347,796)</u>	<u>-</u>	<u>(23,517,194)</u>

3	Reconciliation of net cash flow to movement in net debt	2013	2012
		£	£
	(Decrease)/increase in cash in the year	(2,347,796)	430,520
	Cash (inflow)/outflow from (increase)/decrease in debt	(2,000,000)	1,000,000
	Movement in net debt in the year	<u>(4,347,796)</u>	<u>1,430,520</u>
	Opening net debt	(19,169,398)	(20,599,918)
	Closing net debt	<u>(23,517,194)</u>	<u>(19,169,398)</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts. Turnover is recognised upon sale of goods at which point the significant risks and rewards of ownership of the goods are transferred to the buyer

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Improvements to premises	10% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	20% reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for slow moving items. As an expert in the field, the director, Mrs A. Moussaeff, is responsible for providing a valuation for high value items

1.7 Pensions

The costs of providing pension benefits are charged to the profit and loss account as they are incurred

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1.10 Debtors

Known bad debts are written off and provision is made for any considered to be doubtful

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

2 Turnover

	2013	2012
	£	£
Geographical market		
United Kingdom	5,263,206	1,174,591
Rest of the World	87,190,461	82,166,775
	<u>92,453,667</u>	<u>83,341,366</u>

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and services provided as a principal. An analysis of turnover by geographical market is provided above.

3 Operating profit

	2013	2012
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	203,653	225,003
Loss on disposal of tangible assets	-	994
Loss on foreign exchange transactions	932,360	701,402
Operating lease rentals	1,805,426	1,818,865
Fees payable to the company's auditor for the audit of the company's annual accounts	17,500	17,500
	<u>17,500</u>	<u>17,500</u>

4 Interest payable

	2013	2012
	£	£
On bank loans and overdrafts	545,523	415,205
On other loans wholly repayable within five years	21,179	37,253
On overdue tax	246,113	250,087
	<u>812,815</u>	<u>702,545</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

5 Taxation	2013	2012
	£	£
Domestic current year tax		
U K corporation tax	7,807,534	7,754,752
Total current tax	<u>7,807,534</u>	<u>7,754,752</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>32,417,703</u>	<u>29,751,081</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24 00% (2012 - 26 00%)	<u>7,780,249</u>	<u>7,735,281</u>
Effects of		
Non deductible expenses	10,786	4,786
Depreciation add back	48,877	58,501
Capital allowances	(32,378)	(43,816)
	<u>27,285</u>	<u>19,471</u>
Current tax charge for the year	<u>7,807,534</u>	<u>7,754,752</u>

6 Tangible fixed assets	Improvements to premises	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2012	2,411,813	1,574,688	56,060	4,042,561
Additions	-	47,599	-	47,599
At 31 March 2013	<u>2,411,813</u>	<u>1,622,287</u>	<u>56,060</u>	<u>4,090,160</u>
Depreciation				
At 1 April 2012	1,227,776	1,223,838	33,134	2,484,748
Charge for the year	118,404	80,664	4,585	203,653
At 31 March 2013	<u>1,346,180</u>	<u>1,304,502</u>	<u>37,719</u>	<u>2,688,401</u>
Net book value				
At 31 March 2013	<u>1,065,633</u>	<u>317,785</u>	<u>18,341</u>	<u>1,401,759</u>
At 31 March 2012	<u>1,184,037</u>	<u>350,850</u>	<u>22,926</u>	<u>1,557,813</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

7	Stocks	2013	2012
		£	£
	Finished goods and goods for resale	211,768,147	176,636,438
		<u> </u>	<u> </u>
8	Debtors	2013	2012
		£	£
	Trade debtors	6,796,995	15,403,343
	Other debtors	615,548	738,117
	Prepayments and accrued income	823,647	542,485
		<u> </u>	<u> </u>
		8,236,190	16,683,945
		<u> </u>	<u> </u>
9	Creditors amounts falling due within one year	2013	2012
		£	£
	Bank loans and overdrafts	22,645,337	17,253,099
	Trade creditors	5,288,270	4,897,359
	Corporation tax	12,562,285	14,307,775
	Other taxes and social security costs	140,974	120,111
	Directors' current accounts	40,121	35,457
	Amounts owed to Keves S A	3,790,761	3,903,757
	Accruals and deferred income	741,665	1,729,682
		<u> </u>	<u> </u>
		45,209,413	42,247,240
		<u> </u>	<u> </u>
	Debt due in one year or less	13,000,000	10,000,000
		<u> </u>	<u> </u>

The bank loans and overdrafts are secured by fixed and floating debentures on the assets of the company

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

10 Creditors amounts falling due after more than one year	2013	2012
	£	£
Bank loans	<u>1,000,000</u>	<u>2,000,000</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments	1,000,000	2,000,000
Wholly repayable within five years	<u>13,000,000</u>	<u>10,000,000</u>
	14,000,000	12,000,000
Included in current liabilities	<u>(13,000,000)</u>	<u>(10,000,000)</u>
	<u>1,000,000</u>	<u>2,000,000</u>
Loan maturity analysis		
In more than five years	<u>1,000,000</u>	<u>2,000,000</u>
11 Pension and other post-retirement benefit commitments		
Defined contribution		
	2013	2012
	£	£
Contributions payable by the company for the year	<u>15,335</u>	<u>15,885</u>
12 Share capital	2013	2012
	£	£
Allotted, called up and fully paid 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
13 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 April 2012		150,704,657
Profit for the year		<u>24,610,169</u>
Balance at 31 March 2013		<u>175,314,826</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

14 Reconciliation of movements in shareholders' funds	2013	2012
	£	£
Profit for the financial year	24,610,169	21,996,329
Opening shareholders' funds	150,714,657	128,718,328
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>175,324,826</u>	<u>150,714,657</u>

15 Contingent liabilities

The company has contingent liabilities in respect of guarantees of £3,000,000 (2012 £4,500,000) given to HM Revenue and Customs

16 Financial commitments

At 31 March 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2014

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
Within one year	-	100,000
Between two and five years	925,000	450,000
In over five years	825,000	825,000
	<u> </u>	<u> </u>
	<u>1,750,000</u>	<u>1,375,000</u>

17 Directors' remuneration	2013	2012
	£	£
Remuneration for qualifying services	502,953	516,348
	<u> </u>	<u> </u>
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	262,703	276,098
	<u> </u>	<u> </u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013 Number	2012 Number
Administration	20	19
Selling	19	19
	<u>39</u>	<u>38</u>

Employment costs

	2013 £	2012 £
Wages and salaries	3,387,304	3,138,126
Social security costs	439,427	399,933
Other pension costs	15,335	15,885
	<u>3,842,066</u>	<u>3,553,944</u>

19 Control

The ultimate controlling party is Mrs A Moussaieff who owns all the ordinary share capital of the company

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

20 Related party transactions

There were no dividends paid during the year to the directors of the company in respect of ordinary shares (2012 £Nil)

During the year the company entered into the following material transactions with Keveess S A

	2013	2012
	£	£
Sales	20,453,397	8,374,713
Purchases	<u>3,508,526</u>	<u>5,471,891</u>

Keveess S A is a company registered in Switzerland of which Mr S Moussareff and Mrs A Moussareff are directors and shareholders

Any balances outstanding with the above at the year end are shown in relevant notes

The directors have provided the company with an unlimited personal guarantee in respect of amounts due to Barclays Bank PLC

At the balance sheet date, the company owed £40,121 (2012 - £35,457) to A Moussareff No interest is being charged on this amount

The company made no sales (2012 - £37,720) during the year to T Moussareff, a daughter of the company directors