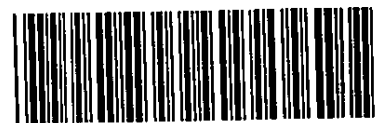


Asprey Holdings Limited

Directors' report and financial statements

For the year ended 31 March 2011

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Asprey Holdings Limited

Company information

Directors

Mr P Byng
Mr J Rigas
Mr D Standen

Secretary

Mr C Meyering

Company number

103844

Registered office

167 New Bond Street
London
W1S 4AY

Independent auditors

Ferguson Maidment & Co
Sardinia House
52 Lincoln's Inn Fields
London
WC2A 3LZ

Bankers

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Asprey Holdings Limited

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Asprey Holdings Limited

Board Review

For the year ended 31 March 2011

The purpose of the Board Review is to present key financial highlights of Asprey International Limited, which is the ultimate holding company of Asprey Holdings Limited and the Asprey group of companies. The financial statements of Asprey International Limited are not publically available. Asprey Holdings Limited is the UK holding company incorporating the results of the trading companies specified in its financial statements and does not represent the full consolidated financial performance of the Asprey group.

A chart summarising the key financial performance of the Asprey International Limited is presented below

Key financials	2011	2010
	USD	USD
Net revenue	\$24.1m	\$26.2m
Loss for the year (after interest before exceptional items)	\$32.0m	\$41.7m
Staff numbers	105	121

The financial year to 31 March 2011 has been characterised by ongoing economic and financial uncertainty, which has impacted the consolidated trading performance of the Asprey group.


Net revenues have declined due to the adverse impact of foreign exchange movements and ongoing rationalisation of the store network especially in Japan. Encouragingly, revenues from US operations have increased by 4% year on year. Within key product categories, jewellery sales were disappointing and down year on year. Sales from leather products performed strongly, up 31% year on year. Sales of silver products also performed strongly and are up 7% year on year. Despite the year on year decline in revenue, in the first quarter of the new financial year, the group has achieved a like for like increase across its retail stores of 13%. Within this jewellery sales are 6% ahead of last year with the introduction of a new design and production infrastructure as well as the introduction of new collections.

The loss for the year after deduction of interest charges, but before exceptional items, has been reduced down to \$32.0m from \$41.7m as a result of an ongoing cost reduction programme. As part of this programme headcount has been reduced from 121 at the beginning of the financial year to 105 as at 31 March 2011, a reduction of 13%. In addition, in the prior year a shareholder debt restructuring programme was undertaken reducing the annual interest charge significantly. An inter group debt restructuring has been completed at the end of the current financial year which will reduce interest charges and strengthen the balance sheets of certain key operating companies within the group.

Although the group is loss making, the Asprey brand is in a strong financial position and will continue its strategy to break even without impacting the image and potential of the brand. With the appointment of Paddy Byng, as the new Managing Director, the group is in position to achieve this in the near future.

The directors have prepared a business plan including quarterly cash flow projections to June 2012 taking account of all significant conditions and events and mitigating factors that are relevant to the companies of the group to continue as going concerns. The shareholders have reviewed these cash flow projections and Fleming Holdings Limited (in its capacity as a shareholder of the ultimate parent company) and Sciens Special Situations Master Fund Limited (in its capacity as an indirect shareholder of the ultimate parent company) have provided a confirmation that they are in a position to and that they will continue to provide financial support to the group for a period of at least 12 months from the date of signing these financial statements.

The directors believe that, supported by this confirmation, they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these financial statements.



Paddy Byng
Director
30 June 2011

Asprey Holdings Limited

Directors' report

For the year ended 31 March 2011

The directors present their report and the audited financial statements for the year ended 31 March 2011

Principal activities, future developments and review of business

The company acts as a holding company for the Asprey brand whose principal activities during the period have been, and will continue to be, those of goldsmiths, silversmiths, jewellers and retailers of jewellery, silver, leather, watches and luxury goods within the UK and worldwide

The directors believe that, after making enquiries of their shareholders, they have a reasonable expectation that the company has adequate support to continue in operational existence for the foreseeable future. The company has obtained a letter from its shareholder confirming that it will ensure that the company can meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. For this reason the directors continue to adopt the going concern basis in preparing these financial statements

Results and dividends

The profit for the year after taxation amounted to £121,773,283 (2010 - Loss £24,197,798), and has been transferred to/from reserves

The directors do not recommend the payment of a dividend (2010 £Nil)

Financial risk management

The group's activities expose it to a variety of financial risks such as foreign exchange risk, liquidity risk, credit risk and interest rate risk

Risk management is carried out by the board, who review the exposure of the group on an ongoing basis and put in place specific procedures to mitigate this risk where it is felt appropriate to do so

a) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. The group manages this risk by holding foreign currency bank accounts to ensure that the impacts of currency fluctuations on the group are reduced

b) Liquidity risk

The group maintains sufficient cash and credit lines to ensure that resources are available as required

c) Credit risk

The group considers the credit risk to be low as credit sales are minimal and encouraged only with customers with good credit worthiness. This together with repeat sales to regular customers limit the amount of credit exposure of the group

d) Interest rate risk

The group has no external bank borrowings as the shareholders provide all of the funding. Whilst interest is being accrued on these loans, the interest rate exposure is not significant and fixed in certain instances

Key performance indicators

The group compares actual against forecast and prior year results. At this stage in the group's restructuring this is considered to be the key performance indicator

Asprey Holdings Limited

Directors' report For the year ended 31 March 2011

Directors and their interests

The directors who served during the year and up to the date of signing these financial statements were

Mr D Standen

Mr R Procop (resigned on 26 May 2010)

Mr J Rigas (appointed 16 December 2010)

Mr P Byng (appointed 31 March 2011)

Disabled persons

It is the policy of the group to support the employment of employees with disabilities wherever practicable and to ensure that, as far as possible, they share in the training, career development and promotion opportunities available to all employees

Staff information and consultation

Staff are kept fully informed of matters of interest through notice boards and a staff handbook. A two-way process of informing and consulting staff operates through the line management structure.

Environmental statement

In connection with the Royal Warrant held for His Royal Highness The Prince of Wales, a committee from all disciplines of the business, reviews environmental performance and promote best possible environmental management

Statement of 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the surplus or deficit of income over expenditure of the group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of each 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 each company and hence taking reasonable steps for the prevention and detection of fraud or other irregularities

Asprey Holdings Limited

Directors' report
For the year ended 31 March 2011

Statement of directors' responsibilities (continued)

The directors, at the date of this report, confirm that, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all necessary steps to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Ferguson Maidment & Co. have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on 30 June 2011 and signed on its behalf

A handwritten signature in black ink, appearing to read 'Paddy Byng', with a stylized flourish at the end.

Paddy Byng
Director

Asprey Holdings Limited

Independent auditor's report to the shareholder of Asprey Holdings Limited

We have audited the group and parent company financial statements ("the financial statements") of Asprey Holdings Limited for the year ended 31 March 2011. 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 shareholder as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder 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 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. Our responsibility is to audit 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 (APB'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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 group's and parent company's affairs as at 31 March 2011 and of the group's 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 matters prescribed by the Companies Act 2006

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

Asprey Holdings Limited

Independent auditor's report to the shareholder of Asprey Holdings Limited (continued)

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the Board review, the Directors' report and Note 1.1 to the financial statements concerning the group's and parent company's ability to continue as a going concern and the dependence of the group and parent company on funding from Fleming Holdings Limited (in its capacity as a shareholder of the ultimate parent company) and Sciens Special Situations Master Fund Limited (in its capacity as an indirect shareholder of the ultimate parent company)

The disclosures explain that the group and parent company has obtained a letter from its shareholders confirming that they will meet the group's and parent company's liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the group's and parent company's shareholders by providing adequate funding

The group and parent company continued to incur trading losses and to report operating cash outflows during the year ended 31 March 2011. These conditions, along with the other matters explained in the Board review, the Directors' report and Note 1.1 to the financial statements, indicate the existence of a material uncertainty which, without the continued support from the group's and parent company's major shareholders may cast significant doubt about its ability to continue as a going concern

The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as a going concern

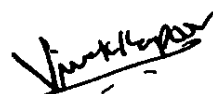
Matters on which we are required to report by exception

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

Sardinia House
52 Lincoln's Inn Fields
London
WC2A 3LZ

30 June 2011



Vivek Kapoor
Senior Statutory Auditor
For and on behalf of
Ferguson Maidment & Co
Chartered Accountants
& Statutory Auditor

Asprey Holdings Limited

Consolidated profit and loss account For the year ended 31 March 2011

	Note	2011 £000	2010 £000
Turnover	2	12,505	13,670
Cost of sales		<u>(7,675)</u>	<u>(8,479)</u>
Gross profit		4,830	5,191
Administrative expenses	3,5,6	(15,279)	(18,050)
Restructuring costs	3	<u>(179)</u>	<u>(111)</u>
Operating loss	3	(10,628)	(12,970)
Non operating exceptional item (FRS3)	4	<u>146,211</u>	<u>-</u>
Profit/(loss) on ordinary activities before interest and taxation		135,583	(12,970)
Interest receivable and similar income	7	1	4
Interest payable and similar charges	8	<u>(13,805)</u>	<u>(11,225)</u>
Profit/(loss) on ordinary activities before taxation		121,779	(24,191)
Tax charge on loss on ordinary activities	10	<u>(6)</u>	<u>(7)</u>
Profit/(loss) for the financial year	20	<u>121,773</u>	<u>(24,198)</u>

All amounts relate to continuing operations

The notes on pages 12 to 25 form part of these financial statements

Asprey Holdings Limited

Statement of total recognised gains and losses For the year ended 31 March 2011

	2011 £000	2010 £000
Profit/(loss) for the financial year	121,773	(24,198)
Foreign exchange	<u>(6,957)</u>	<u>4,232</u>
Total recognised gains and losses relating to the year	<u>114,816</u>	<u>(19,966)</u>

Note of historical cost profits and losses For the year ended 31 March 2011

	2011 £000	2010 £000
Reported profit/(loss) on ordinary activities before taxation	<u>121,779</u>	<u>(24,191)</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>121,779</u>	<u>(24,191)</u>
Historical cost profit/(loss) for the year retained after taxation	<u>121,773</u>	<u>(24,198)</u>

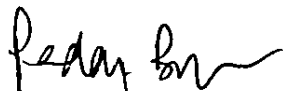
The notes on pages 12 to 25 form part of these financial statements

Asprey Holdings Limited

Consolidated balance sheet As at 31 March 2011

		2011		2010	
	Note	£000	£000	£000	£000
Fixed assets					
Intangible fixed assets	12		833		976
Tangible fixed assets	13		<u>7,091</u>		<u>7,810</u>
			7,924		8,786
Current assets					
Stocks	15	12,185		14,612	
Debtors	16	24,137		34,278	
Cash at bank and in hand		<u>3,016</u>		<u>2,183</u>	
		39,338		51,073	
Creditors * amounts falling due within one year	17	<u>(18,209)</u>		<u>(145,750)</u>	
Net current assets/(liabilities)			<u>21,129</u>		<u>(94,677)</u>
Total assets less current assets/(liabilities)			29,053		(85,891)
Provision for liabilities and charges	18		<u>(263)</u>		<u>(135)</u>
Net assets/(liabilities)			<u>28,790</u>		<u>(86,026)</u>
Capital and reserves					
Called up share capital	19		125,011		125,011
Share premium account	20		19,540		19,540
Profit and loss account	20		<u>(115,761)</u>		<u>(230,577)</u>
Total equity shareholders' funds	21		<u>28,790</u>		<u>(86,026)</u>

The financial statements were approved and authorised for issue by the board on 30 June 2011 and signed on its behalf



Paddy Byng
Director

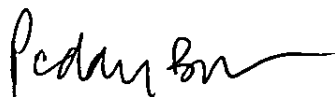
The notes on pages 12 to 25 form part of these financial statements

Asprey Holdings Limited

Company balance sheet As at 31 March 2011

		2011		2010	
	Note	£000	£000	£000	£000
Fixed assets					
Intangible fixed assets	12		833		976
Tangible fixed assets	13		6,538		6,932
Investments	14		<u>11,820</u>		<u>-</u>
			19,191		7,908
Current assets					
Debtors	16	24,615		44,650	
Cash at bank and in hand		<u>2,743</u>		<u>1,979</u>	
		27,358		46,629	
Creditors' amounts falling due within one year	17	<u>(14,990)</u>		<u>(141,796)</u>	
Net current assets/(liabilities)			<u>12,368</u>		<u>(95,167)</u>
Total assets less current liabilities			31,559		(87,259)
Provision for liabilities and charges	18		<u>(73)</u>		<u>(135)</u>
Net assets/(liabilities)			<u>31,486</u>		<u>(87,394)</u>
Capital and reserves					
Called up share capital	19		125,011		125,011
Share premium account	20		19,540		19,540
Profit and loss account	20		<u>(113,065)</u>		<u>(231,945)</u>
Total equity shareholders' funds	21		<u>31,486</u>		<u>(87,394)</u>

The financial statements were approved and authorised for issue by the board on 30 June 2011 and signed on its behalf



Paddy Byng
Director

Company Registration Number 103844

The notes on pages 12 to 25 form part of these financial statements

Asprey Holdings Limited

Consolidated cash flow statement For the year ended 31 March 2011

	Note	2011 £000	2010 £000
Net cash outflow from operating activities	22	(8,154)	(10,870)
Returns on investments and servicing of finance	23	(12)	(15)
Taxation		(6)	(7)
Capital expenditure and financial investment	23	(523)	(666)
Cash outflow before financing		(8,695)	(11,558)
Financing	23	9,528	11,569
Increase in cash in the year		833	11

Reconciliation of net cash flow to movement in net funds For the year ended 31 March 2011

		2011 £000	2010 £000
Increase in cash in the year		833	11
Movement in net funds in the year		833	11
Net funds at 1 April 2010		2,183	2,172
Net funds at 31 March 2011	24	3,016	2,183

The notes on pages 12 to 25 form part of these financial statements

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention with the exception of the revaluation of leasehold properties (see note 1.5 below) and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The directors have prepared a business plan including quarterly cashflow projections to June 2012 taking account of all significant conditions and events and mitigating factors that are relevant to the companies of the group to continue as going concerns. The major shareholders of the ultimate parent company (Fleming Holdings Limited, John Rigas, Sciens Alternative Asset Recovery Fund II and Sciens International GP Holdco SECS) have reviewed these cashflow projections, and Fleming Holdings Limited and Sciens Special Situations Master Fund Limited (in its capacity as an indirect shareholder of the ultimate parent company) have provided a confirmation that they are in a position to and that they will continue to provide financial support to the group for a period of at least 12 months from the date of signing these financial statements.

The directors believe that, supported by this confirmation, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these accounts. The financial statements of the group are made up to the 31 March each year.

1.2 Basis of consolidation

The group financial statements consolidate Asprey Holdings Limited and its subsidiary undertakings up to 31 March 2011. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

1.3 Investments

Shares in subsidiaries are valued at historical cost less provision for permanent impairment. The directors perform impairment reviews annually.

1.4 Turnover

Turnover comprises the sale of goods to third parties, net of discounts and returns and exclusive of VAT, and royalties receivable from fellow group companies. Revenue is recognised at the point of sale.

1.5 Fixed assets, depreciation and amortisation

Tangible fixed assets are stated at historical cost or valuation, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of the assets on a straight line basis over their estimated useful economic lives, as follows:

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

1 Accounting policies (continued)

1.5 Fixed assets, depreciation and amortisation (continued)

Leasehold improvements	Over life of lease
Fixtures & fittings including plant and equipment and motor vehicles	Up to 10 years
IT development	3-5 years
Development costs	3 years
Museum assets and assets under construction are not depreciated	

Trademark costs capitalised relate to external costs incurred in obtaining patents and trademark protection globally. Trademarks are amortised on a straight-line basis over 10 years.

1.6 Leasing and hire purchase

The rentals on the group's operating leases are charged to the profit and loss account on a straight-line basis over the lease term even if the payments are not made on such a basis.

1.7 Stocks and work in progress

Stocks and work in progress are stated at the lower of historical purchase cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of direct overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred prior to sale.

From time to time agreements are entered into whereby goods are supplied on a consignment basis. As the risks and rewards of these goods are not transferred to the company until they are sold, this stock is not recorded as an asset of the company. No deposits are paid by the company under these agreements.

1.8 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.9 Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

1 Accounting policies (continued)

1 10 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the year-end exchange rate. Exchange differences on monetary items are taken to the profit and loss account.

The balance sheets of overseas subsidiary undertakings are expressed in sterling at year-end exchange rates. Profits and losses of overseas subsidiary undertakings are expressed in sterling at average exchange rates for the year. Exchange differences arising on the translation of opening shareholders' funds are recorded as a movement on reserves.

1 11 Research and development

Research and development costs are capitalised within tangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are depreciated on the straight-line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

1 12 Pensions

The group operated two principal pension schemes during the period, one being a defined benefit scheme providing benefits based on final pensionable salary, the other being a defined contribution scheme. The assets of defined benefit schemes are held separately from those of the group in separate trustee administered funds. Refer to note 25 for further information and events after the balance sheet date. For the defined contribution scheme the amount charged to the profit and loss account is equal to the amount paid by the Group.

1.13 Goodwill

Goodwill represents the difference between the cost of acquisition of subsidiary undertakings and the fair value of the identifiable assets and liabilities acquired. Purchased goodwill arising on acquisition is treated as an asset on the balance sheet and amortised over its useful economic life.

1 14 Related party transactions

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Asprey Holdings Limited group. All other material related party transactions are disclosed in note 27.

1.15 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

2 Turnover

Turnover represents sales of goods and services outside the group net of discounts and allowances and value added taxation and includes commission earned

Turnover by origin is analysed by activity below

	2011 £000	2010 £000
Luxury goods and services	<u>12,505</u>	<u>13,670</u>

Turnover by origin is analysed by geographical area below

	2011 £000	2010 £000
United Kingdom	11,525	12,516
Far East	<u>980</u>	<u>1,154</u>
	<u>12,505</u>	<u>13,670</u>

Turnover by destination is analysed below

	2011 £000	2010 £000
United Kingdom	8,563	10,092
USA	515	686
Far East	1,103	1,232
Europe	361	255
Middle East	1,875	1,307
Other	<u>88</u>	<u>98</u>
	<u>12,505</u>	<u>13,670</u>

3 Operating loss

The operating loss of £10,627,221 (2010 £12,969,707) is stated after charging/(crediting)

	2011 £000	2010 £000
Write off inter group balance	-	1,927
Exchange (gain)/loss	(31)	419
Amortisation of intangible fixed assets	177	168
Depreciation of tangible fixed assets	1,135	2,750
Loss on disposal of fixed assets	58	23
Operating lease rentals		
- other	31	27
- land and buildings	3,534	2,821
Auditor's remuneration – audit	71	70
Restructuring costs (see note 18)	<u>179</u>	<u>111</u>

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

3. Operating loss (continued)

During the year the group recorded an exchange gain of £30,530 (2010 loss £418,545) that arises on translation of foreign currency assets and liabilities

During the year the company wrote off net inter group debtors of £Nil (2010 £1,926,507) arising from closure of a fellow group company Asprey Hong Kong Limited

Auditor's remuneration for tax and other advisory services were £31,000 (2010 £31,425)

4. Non operating exceptional item (FRS3)

As a result of a group debt restructuring during the year, Asprey International Limited, the group's parent company has written off in part its intercompany balance with Asprey Holdings Limited. This has resulted in a credit of £146,211,000 (2010 £Nil) in the profit and loss account of the group

Furthermore Asprey Holdings Limited has written off in part the intercompany balance with its subsidiary, Asprey London Limited. This has resulted in a debit of £24,731,000 (2010 £Nil) in the profit and loss account of Asprey Holdings Limited, and a credit of £38,325,000 (2010 £Nil) in the profit and loss account of Asprey London Limited

5. Staff costs

Staff costs were as follows

	2011 £000	2010 £000
Wages and salaries	3,842	4,253
Social security costs	438	509
Other pension costs	294	251
	4,574	5,013

The group made contributions to defined contribution schemes of £294,000 (2010 £251,000). This amount represents a contribution that averages 6.9% (2010 5.3%) of the gross salary of the employees. The outstanding contribution at the balance sheet date is £29,882 (2010 £32,012)

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

	2011 No.	2010 No.
Management and administration	52	50
Manufacturing	11	11
Retail operations	32	42
	95	103

6 Directors' remuneration

	2011 £000	2010 £000
Aggregate emoluments	138	257

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

6. Directors' remuneration (continued)

The highest paid director received remuneration of £91,168 (2010 £257,000)

7 Interest receivable and similar income

	2011 £000	2010 £000
Bank interest receivable	1	4

8. Interest payable and similar charges

	2011 £000	2010 £000
On group financing (note 17)	13,792	11,206
Other interest payable	13	19
	13,805	11,225

9. Deferred taxation

A deferred tax asset has not been recognised in these financial statements on tax losses carried forward as, in the opinion of the Directors, it is unlikely that these losses will reverse in the foreseeable future

The total unrecognised deferred tax asset for the company relating to capital allowances, trading losses, excess capital losses and non-trading deficits on loan relationships as at 31 March 2011 is £47,521,237 (2010 £46,158,931)

10 Taxation

	2011 £000	2010 £000
Overseas taxation	6	7

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the group of 28% (2010 - 28%) The differences are explained below

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before tax	121,779	(24,190)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	34,098	(6,773)
Effects of		
Expenses and provisions not deductible for tax purposes	(36,743)	3,529
Capital allowances for the year less than depreciation	226	643
Overseas taxation	6	7
Losses brought forward	(65,310)	(62,709)
Losses carried forward	67,729	65,310
Total current tax charge for the year	6	7

Factors that may affect future tax charges

As at the balance sheet date the company and its principal subsidiary Asprey London Limited has taxable losses carried forward of £241,890,723 (2010 - £233,250,260)

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

11 Profit attributable to Asprey Holdings Limited

The profit before taxation for the financial year dealt with in the financial statements of the parent company, Asprey Holdings Limited, was £116,069,796 (2010 - loss £17,426,948). No separate profit and loss account is presented for Asprey Holdings Limited, as provided by Section 408 of the Companies Act 2006.

12 Intangible fixed assets

	Trademarks
Group and company	£000
Cost	
At 1 April 2010	1,751
Additions	79
Disposals	(48)
	<hr/>
At 31 March 2011	1,782
	<hr/>
Amortisation	
At 1 April 2010	775
Charge for the year	177
Disposals	(3)
	<hr/>
At 31 March 2011	949
	<hr/>
Net book value	
At 31 March 2011	833
	<hr/>
At 31 March 2010	976
	<hr/>

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

13 Tangible fixed assets

Group	Leasehold improvements £000	IT development £000	Assets under construction £000	Fixtures and fittings £000	Museum assets £000	Development costs £000	Total £000
Cost or valuation							
At 1 April 2010	8,773	152	10	8,472	318	3,710	21,435
Restatement of opening balance	-	-	-	16	-	-	16
Additions	28	14	25	16	-	361	444
Disposals	(1,416)	(23)	-	(57)	-	-	(1,496)
Foreign exchange	92	2	-	5	-	-	99
Transfer	-	-	(10)	10	-	-	-
Reclassifications	-	2	-	(2)	-	(12)	(12)
At 31 March 2011	7,477	147	25	8,460	318	4,059	20,486
Depreciation							
At 1 April 2010	3,244	101	-	6,976	-	3,304	13,625
Restatement of opening balance	-	-	-	14	-	-	14
Charge for the year	349	26	-	494	-	266	1,135
Disposals	(1,407)	(22)	-	(55)	-	-	(1,484)
Foreign exchange	100	2	-	5	-	-	107
Reclassifications	-	-	-	-	-	(2)	(2)
At 31 March 2011	2,286	107	-	7,434	-	3,568	13,395
Net book value							
At 31 March 2011	5,191	40	25	1,026	318	491	7,091
At 31 March 2010	5,529	51	10	1,496	318	406	7,810

Company	Leasehold improvements £000	IT development costs £000	Asset under construction £000	Fixtures and fittings £000	Museum assets £000	Development costs £000	Total £000
Cost or valuation							
At 1 April 2010	7,060	94	10	6,528	318	3,711	17,721
Additions	-	15	25	9	-	361	410
Disposals	-	(1)	-	-	-	-	(1)
Reclassification	-	2	-	(2)	-	(12)	(12)
Transfer to subsidiary	-	-	(10)	-	-	-	(10)
At 31 March 2011	7,060	110	25	6,535	318	4,060	18,108
Depreciation							
At 1 April 2010	1,627	49	-	5,809	-	3,304	10,789
Charge for the year	320	23	-	175	-	266	784
Disposals	-	(1)	-	-	-	-	(1)
Reclassification	-	-	-	-	-	(2)	(2)
At 31 March 2011	1,947	71	-	5,984	-	3,568	11,570
Net book value							
At 31 March 2011	5,113	39	25	551	318	492	6,538
At 31 March 2010	5,433	45	10	719	318	407	6,932

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

14 Fixed asset investments

	Shares in group undertakings £000
Company	
Cost	
At 1 April 2010	22,834
Disposals	(73)
At 31 March 2011	22,761
Impairment	
At 1 April 2010	(22,834)
Disposals	73
Release of impairment provision	11,820
At 31 March 2011	(10,941)
Net book value	
At 31 March 2011	11,820
At 1 April 2010	-

The directors have reviewed the carrying value of the company's investments in subsidiary undertakings and have assessed that, based upon an evaluation of net assets at the balance sheet date and the projected results of the businesses, the realisable value of the investments is not less than £11,820,250

The subsidiary undertakings of Asprey Holdings Limited at the balance sheet date are listed below

Subsidiary Companies	Country of Incorporation	Percentage owned & voting rights
Asprey London Limited	England and Wales	100%
Asprey Mayfair Limited	England and Wales	100%
Asprey Polo Limited	England and Wales	100%
J W Benson Limited	England and Wales	100%
Asprey Holdings BV	The Netherlands	100%
A&G Services USA Limited	USA	100%
Asprey SA	Switzerland	100%
Asprey Japan Limited	Japan	100%

The activities of the principal subsidiary undertaking are those of goldsmiths, silversmiths, jewellers and retailers of luxury goods. All subsidiaries are included in the consolidated financial statements

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

15. Stocks, Net of provision

	Group	
	2011	2010
	£000	£000
Raw materials	1,358	1,443
Work in progress	238	269
Finished goods and goods for resale	10,589	12,900
	12,185	14,612

The company holds no stock. In addition, the amount of consignment stock held by the group was £3,312,000 (2010 £5,624,000), none of which is included in the balance sheet as ownership is not transferred until the date of the sale.

16 Debtors

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Due within one year				
Trade debtors	308	367	-	-
Amounts owed by group undertakings	22,204	31,678	24,437	44,379
Other debtors	637	653	64	167
Prepayments and accrued income	988	1,580	114	104
	24,137	34,278	24,615	44,650

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade creditors	3,380	2,919	764	695
Amounts owed to group undertakings	12,248	140,035	12,970	139,808
Social security and other taxes	118	610	44	510
Other creditors	539	32	483	10
Accruals and deferred income	1,924	2,154	729	773
	18,209	145,750	14,990	141,796

Amounts due to group undertakings are unsecured, interest free and repayable on demand except those due to Asprey International Limited.

The shareholders have provided certain convertible loans to Asprey International Limited, the ultimate holding company within the group. At the balance sheet date, Asprey International Limited has provided loans to the group under this arrangement amounting to US\$7,313,337 (2010 US\$101,590,845) on which cumulative accrued interest amounts to \$12,283,897 (2010 \$23,375,000). At the balance sheet date interest is being accrued at 5% per annum.

All of the loans are secured against all of the assets of the group. The rights of the shareholders are subject to the terms of a certain Amended and Restated Intercreditor and Subordination Agreement dated 1 January 2008.

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

18 Provision for liabilities and charges

Restructuring Provision	Group £000	Company £000
As at 1 April 2010	135	135
Utilised during the year	(51)	(62)
Charged to the profit and loss account	179	-
As at 31 March 2011	263	73

During the year £51,000 of the provision for redundancy and related costs was utilised. A further provision for redundancy and related costs of £179,000 was charged by the group to the profit and loss account at the year end.

19 Share capital

	2011 £000	2010 £000
Authorised		
125,011,000 ordinary shares of £1 each	125,011	125,011
Allotted, called up and fully paid		
125,011,000 ordinary shares of £1 each	125,011	125,011

20. Reserves

Group	Share premium account £000	Profit and loss account £000
At 1 April 2010	19,540	(230,577)
Profit for the financial year	-	121,773
Foreign exchange	-	(6,957)
At 31 March 2011	19,540	(115,761)
Company	Share premium account £000	Profit and loss account £000
At 1 April 2010	19,540	(231,945)
Profit for the financial year	-	116,070
Foreign exchange	-	2,810
At 31 March 2011	19,540	(113,065)

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

21 Reconciliation of movement in shareholders' funds

Group	2011 £000	2010 £000
Profit/(loss) for the financial year	121,773	(24,198)
Foreign exchange	(6,957)	4,232
	114,816	(19,966)
Opening equity shareholders' funds	(86,026)	(66,060)
Closing equity shareholders' funds	28,790	(86,026)

Company

Profit/(loss) for the financial year	116,070	(17,427)
Foreign exchange	2,810	4,747
	118,880	(12,680)
Opening equity shareholders' funds	(87,394)	(74,714)
Closing equity shareholders' funds	31,486	(87,394)

22. Net cash flow from operations

	2011 £000	2010 £000
Operating loss	(10,628)	(12,970)
Amortisation of intangible fixed assets	177	168
Depreciation of tangible fixed assets	1,135	2,750
Inter group debt restructuring credit	146,211	-
Decrease in stocks	2,427	1,760
Foreign exchange movements	(6,957)	4,231
Decrease in debtors	10,141	1,228
Decrease in creditors	(150,861)	(8,125)
Increase/(decrease) in provisions	128	(11)
Net loss on disposals of fixed assets	58	25
Other tangible fixed asset movements	15	74
Net cash outflow from operations	(8,154)	(10,870)

23 Analysis of cash flows for headings netted in the cash flow statement

	2011 £000	2010 £000
Returns on investments and servicing of finance		
Interest received	1	4
Interest paid	(13)	(19)
Net cash outflow from returns on investments and servicing of finance	(12)	(15)

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

23. Analysis of cash flows for headings netted in the cash flow statement (continued)

	2011 £000	2010 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(444)	(549)
Purchase of intangible fixed assets	(79)	(117)
Net cash outflow from capital expenditure	(523)	(666)
	2011 £000	2010 £000
Financing		
Group financing received	9,528	11,569

24 Analysis of changes in net debt

	1 April 2010 £000	Cash flow £000	31 March 2011 £000
Cash at bank and in hand and net funds	2,183	833	3,016

Cash at bank includes \$2,516,000 (2010 \$2,516,000) of monies held on escrow by HSBC to guarantee a lease on behalf of a fellow group subsidiary company in the USA, Asprey Limited

25. Pension commitments

The Asprey Defined Benefit Pension Scheme was closed to new entrants with effect from 30 September 2003 and to future accrual of benefits for existing members from 31 March 2004. A new defined contribution scheme, to which the employer contributes, was introduced with effect from 1 April 2004.

Under s160 of the Pension Act 2004, the Defined Benefit Scheme transferred in to the Pension Protection Fund on 18 August 2008 and in accordance with s161 of the Pension Act 2004, the Trustees were discharged of their pension obligations.

26. Operating lease commitments

At 31 March 2011 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
Group	2011 £000	2010 £000	2011 £000	2010 £000
Expiry date				
Within 1 year	97	247	2	-
Between 2 and 5 years	147	-	9	38
After more than 5 years	3,005	2,055	-	-

27. Related party transactions

As part of their employment contract employees as well as directors and shareholders of the group can purchase goods at a discount. The amounts of goods purchased by the directors and shareholders are not considered material either to the group or the individuals at the balance sheet date. There were no other transactions between these individuals and the group.

Asprey Holdings Limited

Notes to the financial statements For the year ended 31 March 2011

27 Related party transactions (continued)

In addition, the group and company has the following net inter group receivable/(payable) balances with fellow group subsidiaries outside of the Asprey Holdings Limited group

Name of Company	Nature of balance	Group		Company	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Asprey Limited	Trading/Financing	17,876	27,217	11,803	5,275
Asprey International Limited	Financing	(11,574)	(137,669)	(12,196)	(139,109)
Asprey Worldwide Holdings Limited	Financing	3,401	3,580	3,361	3,550

The principal inter group sales/(purchases) arising during the year were as follows

Name of Company	Nature of transaction	Group		Company	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Asprey Limited	Sale of products/Service and procurement fees	109	116	76	71
Asprey International Limited	Interest	(13,792)	(11,206)	(13,792)	(11,206)

28. Ultimate parent undertaking and controlling parties

At the balance sheet date the immediate parent company of Asprey Holdings Limited is Asprey Worldwide Holdings Limited, a company registered in the British Virgin Islands. The ultimate parent company undertaking is Asprey International Limited, a company registered in the Cayman Islands.

At the balance sheet date the ultimate principal shareholders are Sciens Alternative Assets Recovery Fund II (33.9%), Fleming Holdings Limited (27.4%), John Rigas (19.4%) and Sciens International GP Holdco SECS (15%).