

COMPANY REGISTRATION NUMBER: 00103844

Asprey Holdings Limited
Financial Statements
31 March 2017



FERGUSON MAIDMENT & CO
Chartered accountant & statutory auditor
Eighth Floor
167 Fleet Street
London
EC4A 2EA

Asprey Holdings Limited

Financial Statements

Year ended 31 March 2017

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Asprey Holdings Limited

Officers and Professional Advisers

The board of directors	Mr J Rigas Mr D Standen
Company secretary	Mr C Meyering
Registered office	167 New Bond Street London W1S 4AY
Auditor	Ferguson Maidment & Co Chartered accountant & statutory auditor Eighth Floor 167 Fleet Street London EC4A 2EA
Bankers	HSBC 8 Canada Square London E14 5HQ

Asprey Holdings Limited

Strategic Report

Year ended 31 March 2017

Principal activities and business review

The company acts as a holding company for the Asprey brand whose principal activities during the year 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 turnover for the year has increased by 62.5%.

Our operating costs increased by 25% due to the intercompany foreign exchange revaluations. Operating costs excluding the foreign exchange revaluations on the intercompany accounts and the depreciation have increased by 8%.

During the year, the group continued to develop its relationships with Bovet Fleurier S.A. and The Rolex Watch Company Ltd. in respect of its sales of watches.

Financial risk management and key performance indicators

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 external bank borrowings in addition to the funds provided by the shareholders. Whilst interest is being accrued on the shareholder 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

Strategic Report *(continued)*

Year ended 31 March 2017

This report was approved by the board of directors on 7 July 2017 and signed on behalf of the board by:



Mr J Rigas
Director

Registered office:
167 New Bond Street
London
W1S 4AY

Asprey Holdings Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the group for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

Mr J Rigas
Mr D Standen

Results and dividends

The loss for the year after taxation amounted to £19,068,431 (2016 - Loss £14,225,572), and has been transferred from/to reserves.

The directors do not recommend the payment of a dividend (2016: Nil)

Future developments

The Asprey brand is in a strong position and the company will continue its strategy to improve the company and group results without impacting the image and potential of the brand.

Employment of 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.

Disclosure if branches outside the UK

We have a retail branch in St Moritz, Switzerland.

Going concern

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. For this reason the directors continue to adopt the going concern basis in preparing these financial statements.

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.

Strategic report

Review of the business, financial risk management and key performance indicators are included in the strategic report.

Asprey Holdings Limited

Directors' Report *(continued)*

Year ended 31 March 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

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 of directors on 7 July 2017 and signed on behalf of the board by:



Mr J Rigas
Director

Registered office:
167 New Bond Street
London
W1S 4AY

Asprey Holdings Limited
Directors' Responsibilities Statement
Year ended 31 March 2017

The directors are responsible for preparing the strategic report, 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 group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Asprey Holdings Limited

Independent Auditor's Report to the Members of Asprey Holdings Limited

Year ended 31 March 2017

We have audited the financial statements of Asprey Holdings Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 group's and the parent 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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 of the parent company's affairs as at 31 March 2017 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Asprey Holdings Limited

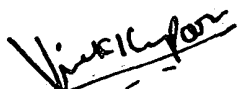
Independent Auditor's Report to the Members of Asprey Holdings Limited (continued)

Year ended 31 March 2017

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Mr Vivek Kapoor (Senior Statutory Auditor)

For and on behalf of
Ferguson Maidment & Co
Chartered accountant & statutory auditor
Eighth Floor
167 Fleet Street
London
EC4A 2EA

7 July 2017

Asprey Holdings Limited
Consolidated Statement of Comprehensive Income
Year ended 31 March 2017

		2017	2016
	Note	£000	£000
Turnover	4	35,902	22,091
Cost of sales		24,648	12,691
Gross profit		11,254	9,400
Administrative expenses		17,509	13,028
Other operating income	5	–	150
Operating loss	6	(6,255)	(3,478)
Other interest receivable and similar income	9	6	1
Amounts written off investments		362	1,520
Interest payable and similar expenses	10	12,457	9,229
Loss before taxation		(19,068)	(14,226)
Tax on loss	11	–	–
Loss for the financial year		(19,068)	(14,226)
Foreign currency retranslation		(2,177)	(1,378)
Total comprehensive income for the year		(21,245)	(15,604)

All the activities of the group are from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Asprey Holdings Limited
Consolidated Statement of Financial Position
31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	13	442	411
Tangible assets	14	6,407	5,818
		<u>6,849</u>	<u>6,229</u>
Current assets			
Stocks	16	12,075	11,656
Debtors	17	65,263	52,512
Cash at bank and in hand		2,535	3,142
		<u>79,873</u>	<u>67,310</u>
Creditors: amounts falling due within one year	18	130,907	96,329
Net current liabilities		<u>(51,034)</u>	<u>(29,019)</u>
Total assets less current liabilities		<u>(44,185)</u>	<u>(22,790)</u>
Creditors: amounts falling due after more than one year	19	6,966	7,116
Net liabilities		<u>(51,151)</u>	<u>(29,906)</u>
Capital and reserves			
Called up share capital	22	125,011	125,011
Share premium account	23	19,540	19,540
Profit and loss account	23	(195,702)	(174,457)
Shareholders' funds		<u>(51,151)</u>	<u>(29,906)</u>

These financial statements were approved by the board of directors and authorised for issue on 7 July 2017, and are signed on behalf of the board by:

Mr J Rigas
Director

Company registration number: 00103844

The notes on pages 15 to 28 form part of these financial statements.

Asprey Holdings Limited
Company Statement of Financial Position
31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	13	442	411
Tangible assets	14	4,428	4,391
Investments	15	—	362
		<u>4,870</u>	<u>5,164</u>
Current assets			
Debtors	17	59,419	50,596
Cash at bank and in hand		<u>2,152</u>	<u>2,270</u>
		61,571	52,866
Creditors: amounts falling due within one year	18	112,719	84,369
Net current liabilities		<u>(51,148)</u>	<u>(31,503)</u>
Total assets less current liabilities		<u>(46,278)</u>	<u>(26,339)</u>
Net liabilities		<u>(46,278)</u>	<u>(26,339)</u>
Capital and reserves			
Called up share capital	22	125,011	125,011
Share premium account	23	19,540	19,540
Profit and loss account	23	(190,829)	(170,890)
Shareholders' funds		<u>(46,278)</u>	<u>(26,339)</u>

The loss for the financial year of the parent company was £19,939,000 (2016: £12,225,000).

These financial statements were approved by the board of directors and authorised for issue on 7 July 2017, and are signed on behalf of the board by:

Mr J Rigas
Director

Company registration number: 00103844

The notes on pages 15 to 28 form part of these financial statements.

Asprey Holdings Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2017

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2015	125,011	19,540	(158,854)	(14,303)
Loss for the year			(14,226)	(14,226)
Other comprehensive income for the year:				
Foreign currency retranslation	—	—	(1,377)	(1,377)
Total comprehensive income for the year	—	—	(15,603)	(15,603)
At 31 March 2016	125,011	19,540	(174,457)	(29,906)
Loss for the year			(19,068)	(19,068)
Other comprehensive income for the year:				
Foreign currency retranslation	—	—	(2,177)	(2,177)
Total comprehensive income for the year	—	—	(21,245)	(21,245)
At 31 March 2017	<u>125,011</u>	<u>19,540</u>	<u>(195,702)</u>	<u>(51,151)</u>

The notes on pages 15 to 28 form part of these financial statements.

Asprey Holdings Limited
Company Statement of Changes in Equity
Year ended 31 March 2017

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2015	125,011	19,540	(157,736)	(13,185)
Loss for the year			(12,224)	(12,224)
Other comprehensive income for the year:				
Foreign currency retranslation	—	—	(930)	(930)
Total comprehensive income for the year	—	—	(13,154)	(13,154)
At 31 March 2016	125,011	19,540	(170,890)	(26,339)
Loss for the year			(19,939)	(19,939)
Total comprehensive income for the year	—	—	(19,939)	(19,939)
At 31 March 2017	<u>125,011</u>	<u>19,540</u>	<u>(190,829)</u>	<u>(46,278)</u>

The notes on pages 15 to 28 form part of these financial statements.

Asprey Holdings Limited
Consolidated Statement of Cash Flows
Year ended 31 March 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Loss for the financial year	(19,068)	(14,226)
<i>Adjustments for:</i>		
Depreciation of tangible assets	791	768
Amortisation of intangible assets	111	123
Adjustment to loss for the financial year to loss before taxation	14,911	10,745
Other tangible fixed asset movements	12	28
Foreign Exchange Gain/(Loss)	(4,631)	–
<i>Changes in:</i>		
Stocks	(420)	(2,012)
Trade and other debtors	(22,406)	(15,393)
Trade and other creditors	13,790	279
Finance Costs	–	(1,421)
Cash generated from operations	(16,910)	(21,109)
Interest paid	(984)	(939)
Net cash used in operating activities	<u>(17,894)</u>	<u>(22,048)</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,392)	(693)
Purchase of intangible assets	(143)	(41)
Net cash used in investing activities	<u>(1,535)</u>	<u>(734)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,153	7,116
Proceeds from loans from group undertakings	16,669	16,870
Net cash from financing activities	<u>18,822</u>	<u>23,986</u>
Net (decrease)/increase in cash and cash equivalents	(607)	1,204
Cash and cash equivalents at beginning of year	3,142	1,938
Cash and cash equivalents at end of year	<u>2,535</u>	<u>3,142</u>

The notes on pages 15 to 28 form part of these financial statements.

Asprey Holdings Limited
Notes to the Financial Statements
Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 167 New Bond Street, London, W1S 4AY.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention 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.

Basis of Consolidation

The group financial statements consolidate Asprey Holdings Limited and its subsidiary undertakings up to 31 March 2017. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Consolidation

The financial statements consolidate the financial statements of Asprey Holdings Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going concern

The Asprey group remains loss making at this stage in its development and has also incurred one off costs for the implementation of new systems to improve efficiency and cost savings. These changes represent important positive steps for the continuation of the long-term business plan, allowing appropriate management focus and resources in the best interests of all stakeholders, customer and staff.

The directors have prepared a business plan including cashflow projections to June 2018 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 have reviewed these cashflow projections, and 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 24 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.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied or services rendered, stated net of returns, discounts and of Value Added Tax.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that the future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of the company's sales channels have been met, as described below.

The company operates retail shops for the sale of luxury goods and certain related products.

Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

Sales are made to retail customers with the right to return within 28 days, subject to certain conditions regarding the usage. Accumulated experience is used to estimate and provide for such returns at the time of sale.

The company sells goods via its website for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the customer. For deliveries to the customer this is the point of acceptance of goods by the customer. Transactions are settled by credit or payment card.

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 *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

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 which is the period over which the group expects to benefit.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Trademarks - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	Over the life of the lease
Fixtures, fittings and equipment	-	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 which is the period over which the group expects to benefit.

Investments

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

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

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 group until they are sold, this stock is not recorded as an asset of the group. No deposits are paid by the group under these agreements.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Pensions

The company participated in 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 13 for further information. For the defined contribution scheme the amount charged to the profit and loss account is equal to the contributions paid by the company.

4. Turnover

Turnover arises from:

	2017	2016
	£000	£000
Sale of goods/services	35,902	22,091

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	2017	2016
	£000	£000
Other operating income	—	150

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

6. Operating profit

Operating profit or loss is stated after charging:

	2017 £000	2016 £000
Amortisation of intangible assets	112	122
Depreciation of tangible assets	791	767
Impairment of trade debtors	43	(11)
Foreign exchange differences	<u>2,398</u>	<u>(46)</u>

7. Auditor's remuneration

	2017 £000	2016 £000
Fees payable for the audit of the financial statements	<u>71</u>	<u>71</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	31	31
Other non-audit services	<u>7</u>	<u>-</u>
	<u>38</u>	<u>31</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Administrative and managerial staff	49	51
Manufacturing	12	9
Retail operations	<u>19</u>	<u>17</u>
	<u>80</u>	<u>77</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £000	2016 £000
Wages and salaries	3,873	3,077
Social security costs	421	338
Other pension costs	<u>212</u>	<u>188</u>
	<u>4,506</u>	<u>3,603</u>

9. Other interest receivable and similar income

	2017 £000	2016 £000
Interest on cash and cash equivalents	<u>6</u>	<u>1</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

10. Interest payable and similar expenses

	2017	2016
	£000	£000
Interest on banks loans and overdrafts	<u>12,457</u>	<u>9,229</u>

11. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017	2016
	£000	£000
Loss on ordinary activities before taxation	(19,068)	(14,226)
Loss on ordinary activities by rate of tax	(3,958)	(2,845)
Effect of expenses not deductible for tax purposes	73	7
Effect of capital allowances and depreciation	(1,517)	152
Utilisation of tax losses b/f	(60,330)	(60,630)
Unused tax losses c/f	65,427	60,281
Effect of lower rate of tax on losses brought forward	-	2,887
Loan Relationship Trading Adjustment	2,295	1,687
Effect of foreign exchange movement on losses brought forward	(82)	(103)
Effect of losses not previously recognised	(2,295)	(1,687)
Losses brought forward no longer available for relief	<u>387</u>	<u>251</u>
Tax on loss	<u>-</u>	<u>-</u>

Factors that may affect future tax income

As at the balance sheet date the group has taxable losses carried forward of £327,133,064 (2016 - £298,244,886).

12. 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.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

13. Intangible assets

Group and company	Trademarks £000
Cost	
At 1 April 2016	2,152
Additions	143
At 31 March 2017	2,295
Amortisation	
At 1 April 2016	1,741
Charge for the year	112
At 31 March 2017	1,853
Carrying amount	
At 31 March 2017	442
At 31 March 2016	411

14. Tangible assets

Group	Leasehold improvements £000	IT development & E Commerce £000	Assets under construction £000	Fixtures and fittings £000	Museum assets £000	Development costs £000	Total £000
Cost or valuation							
At 1 April 2016	8,045	377	848	7,044	318	1,959	18,591
Additions	35	-	1,194	2	-	163	1,394
Disposals	-	(14)	-	-	-	-	(14)
Foreign exchange	3	-	-	-	-	-	3
Reclassifications	-	175	(175)	-	-	-	-
At 31 March 2017	8,083	538	1,867	7,046	318	2,122	19,974
Depreciation							
At 1 April 2016	4,072	320	-	6,723	-	1,658	12,773
Charge for the year	357	86	-	152	-	199	794
Disposals	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
At 31 March 2017	4,429	406	-	6,875	-	1,857	13,567
Net book value							
At 31 March 2017	3,654	132	1,867	171	318	265	6,407
At 31 March 2016	3,973	55	848	322	318	302	5,818

Asprey Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2017

14. Tangible assets *(continued)*

Company	Leasehold improvements	IT development costs	Assets under construction	Fixtures and fittings	Museum assets	Development costs	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2016	7,060	273	210	5,091	318	1,960	14,912
Additions	-	-	422	-	-	162	584
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 March 2017	7,060	273	632	5,091	318	2,122	15,496
Depreciation							
At 1 April 2016	3,545	230	-	5,088	-	1,658	10,521
Charge for the year	320	26	-	1	-	200	547
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 March 2017	3,865	256	-	5,089	-	1,858	11,068
Net book value							
At 31 March 2017	3,195	17	632	2	318	264	4,428
At 31 March 2016	3,515	43	210	3	318	302	4,391

15. Investments

Group	Shares in group undertakings
	£000
Cost	
At 1 Apr 2016 and 31 Mar 2017	<u>21,315</u>
Impairment	
At 1 April 2016	20,953
Impairment losses	<u>362</u>
At 31 March 2017	<u>21,315</u>
Carrying amount	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>362</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

15. Investments *(continued)*

Company	Shares in group undertakings £000
Cost	
At 1 Apr 2016 and 31 Mar 2017	21,315
Impairment	
At 1 April 2016	20,953
Impairment losses	362
At 31 March 2017	21,315
Carrying amount	
At 31 March 2017	-
At 31 March 2016	362

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Asprey London Limited	Ordinary	100
Asprey London Watches Limited	Ordinary	100
Asprey Japan Limited	Ordinary	100
Asprey Mayfair Limited	Ordinary	100
Asprey Polo Limited	Ordinary	100
J W Benson Limited	Ordinary	100
Asprey Holdings BV	Ordinary	100

16. Stocks

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Raw materials and consumables	3,130	2,918	-	-
Work in progress	23	142	-	-
Finished goods and goods for resale	8,922	8,596	-	-
	<u>12,075</u>	<u>11,656</u>	<u>-</u>	<u>-</u>

The company holds no stock. At 31 March 2017, the amount of consignment stock held by the group was £6,219,578 (2016: £5,968,700). Consignment stock is not in the balance sheet as ownership is not transferred until the point of sale.

Asprey Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2017

17. Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	1,437	469	—	—
Amounts owed by group undertakings	60,309	49,463	59,251	49,254
Prepayments and accrued income	2,709	1,369	9	591
Other debtors	808	1,211	159	751
	<u>65,263</u>	<u>52,512</u>	<u>59,419</u>	<u>50,596</u>

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

18. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	2,303	2,852	—	—
Trade creditors	6,495	3,399	225	201
Amounts owed to group undertakings	115,173	85,800	111,612	83,461
Accruals and deferred income	6,365	3,150	482	490
Social security and other taxes	154	92	73	36
Other creditors	417	1,036	327	181
	<u>130,907</u>	<u>96,329</u>	<u>112,719</u>	<u>84,369</u>

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

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	<u>6,966</u>	<u>7,116</u>	<u>—</u>	<u>—</u>

The company has a bank loan with a maturity date 8 September 2018. The interest charged on the loan is at LIBOR +9.5% (with minimum of 10%).

The loan is secured by means of fixed and floating charges over the assets of the company.

20. Deferred tax

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 2017 is £38,121,093 (2016: £36,490,886).

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £211,769 (2016: £188,634).

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

22. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £1 each	125,011,000	125,011	125,011,000	125,011

23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account – This reserve records the amount above the nominal value received for shares sold, less transaction costs.

24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Not later than 1 year	3	–	1	–
Later than 1 year and not later than 5 years	953	1,223	83	60
Later than 5 years	100,055	104,555	–	–
	<u>101,011</u>	<u>105,778</u>	<u>84</u>	<u>60</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

25. Related party transactions

Company

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.

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:

	2017 Group £000	2017 Company £000	2016 Group £000	2016 Company £000
Asprey Limited (Trading/Financing)	45,338	33,774	35,652	26,057
Asprey International Limited (Financing)	(100,984)	(111,612)	(73,412)	(83,461)
Asprey Worldwide Holdings Limited (Financing)	4,334	4,334	3,762	3,762
AIL Ltd Finance (Financing)	(2,561)	—	(2,339)	(2,339)

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

	2017 Group £000	2017 Company £000	2016 Group £000	2016 Company £000
Asprey Limited (Sale of products/Service and procurement fees)	66	18	61	49
Asprey International Limited (Interest)	(11,473)	(11,473)	(8,383)	(8,383)

26. 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 controlling principal shareholders are Sciens Special Situation Masterfund Ltd (25.1%), Tynedale Ltd (20.6%), John Rigas (14.1%), Sciens Global Strat Fund SPC (7.8%) and Sciens International GP Holdco SECS (7.3%). As at 31st March 2016 the ultimate controlling principal shareholders are Sciens Special Situation Masterfund Ltd (25.1%), Tynedale Ltd (20.6%), John Rigas (14.1%), Sciens Global Strat Fund SPC (7.8%) and Sciens International GP Holdco SECS (7.3%).

Copies of Asprey Holdings Limited consolidated financial statements can be obtained from the company registered office, 167 New Bond Street, London, W1S 4AY.