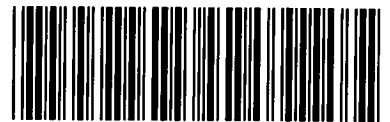


Asprey Holdings Limited
Financial Statements
31 March 2018

THURSDAY



A17 *A7LONRXS* #63
27/12/2018
COMPANIES HOUSE

FERGUSON MAIDMENT & CO
Chartered accountant & statutory auditor
8th Floor
167 Fleet Street
London
EC4A 2EA

Asprey Holdings Limited

Financial Statements

Year ended 31 March 2018

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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 8th Floor 167 Fleet Street London EC4A 2EA
Bankers	HSBC 8 Canada Square London E14 5HQ

Asprey Holdings Limited

Strategic Report

Year ended 31 March 2018

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 financial performance of the group is set out on page 11 of the financial statements.

During the year, the company 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 2018

This report was approved by the board of directors on 5 July 2018 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 2018

The directors present their report and the financial statements of the group for the year ended 31 March 2018.

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 £16,172,943 (2017- Loss £19,068,431), and has been transferred from/to reserves.

The directors do not recommend the payment of a dividend.

Future developments

Although the company 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.

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 2018

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 5 July 2018 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 2018

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 2018

Opinion

We have audited the financial statements of Asprey Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

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 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Asprey Holdings Limited

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

(continued)

Year ended 31 March 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Asprey Holdings Limited

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

(continued)

Year ended 31 March 2018

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Asprey Holdings Limited

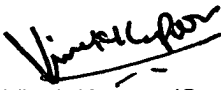
Independent Auditor's Report to the Members of Asprey Holdings Limited

(continued)

Year ended 31 March 2018

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Mr Vivek Kapoor (Senior Statutory Auditor)

For and on behalf of
Ferguson Maidment & Co
Chartered accountant & statutory auditor
8th Floor
167 Fleet Street
London
EC4A 2EA

5 July 2018

Asprey Holdings Limited
Consolidated Statement of Comprehensive Income
Year ended 31 March 2018

		2018	2017
	Note	£000	£000
Turnover	4	20,247	35,902
Cost of sales		13,036	24,648
Gross profit		7,211	11,254
Administrative expenses		8,545	17,509
Operating loss	5	(1,334)	(6,255)
Other interest receivable and similar income	8	16	6
Amounts written back to investments		—	362
Interest payable and similar expenses	9	14,854	12,457
Loss before taxation		(16,172)	(19,068)
Tax on loss	10	—	—
Loss for the financial year		(16,172)	(19,068)
Foreign currency retranslation		1,177	(2,177)
Total comprehensive income for the year		(14,995)	(21,245)

All the activities of the group are from continuing operations.

The notes on pages 17 to 32 form part of these financial statements.

Asprey Holdings Limited
Consolidated Statement of Financial Position
31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	495	442
Tangible assets	13	6,813	6,407
		<u>7,308</u>	<u>6,849</u>
Current assets			
Stocks	15	14,254	12,075
Debtors	16	58,013	65,263
Cash at bank and in hand		2,795	2,535
		<u>75,062</u>	<u>79,873</u>
Creditors: amounts falling due within one year	17	148,516	130,907
Net current liabilities		<u>73,454</u>	<u>51,034</u>
Total assets less current liabilities		(66,146)	(44,185)
Creditors: amounts falling due after more than one year	18	—	6,966
Net liabilities		<u>(66,146)</u>	<u>(51,151)</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	(210,697)	(195,702)
Shareholders' funds		<u>(66,146)</u>	<u>(51,151)</u>

These financial statements were approved by the board of directors and authorised for issue on 5 July 2018, and are signed on behalf of the board by:


Mr J Rigas
Director

Company registration number: 00103844


The notes on pages 17 to 32 form part of these financial statements.

Asprey Holdings Limited
Company Statement of Financial Position
31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	495	442
Tangible assets	13	4,453	4,428
		<u>4,948</u>	<u>4,870</u>
Current assets			
Debtors	16	65,820	59,419
Cash at bank and in hand		2,206	2,152
		<u>68,026</u>	<u>61,571</u>
Creditors: amounts falling due within one year	17	127,719	112,719
Net current liabilities		<u>59,693</u>	<u>51,148</u>
Total assets less current liabilities		<u>(54,745)</u>	<u>(46,278)</u>
Net liabilities		<u>(54,745)</u>	<u>(46,278)</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	(199,296)	(190,829)
Shareholders' funds		<u>(54,745)</u>	<u>(46,278)</u>

The loss for the financial year of the parent company was £8,467,000 (2017: £19,939,000).

These financial statements were approved by the board of directors and authorised for issue on 5 July 2018, and are signed on behalf of the board by:


Mr J Rigas
Director

Company registration number: 00103844

Asprey Holdings Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 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	125,011	19,540	(195,702)	(51,151)
Loss for the year			(16,172)	(16,172)
Other comprehensive income for the year:				
Foreign currency retranslation	—	—	1,177	1,177
Total comprehensive income for the year	—	—	(14,995)	(14,995)
At 31 March 2018	<u>125,011</u>	<u>19,540</u>	<u>(210,697)</u>	<u>(66,146)</u>

The notes on pages 17 to 32 form part of these financial statements.

Asprey Holdings Limited
Company Statement of Changes in Equity
Year ended 31 March 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 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	125,011	19,540	(190,829)	(46,278)
Loss for the year			(8,467)	(8,467)
Total comprehensive income for the year	—	—	(8,467)	(8,467)
At 31 March 2018	<u>125,011</u>	<u>19,540</u>	<u>(199,296)</u>	<u>(54,745)</u>

The notes on pages 17 to 32 form part of these financial statements.

Asprey Holdings Limited
Consolidated Statement of Cash Flows
Year ended 31 March 2018

	2018	2017
	£000	£000
Cash flows from operating activities		
Loss for the financial year	(16,172)	(19,068)
<i>Adjustments for:</i>		
Depreciation of tangible assets	831	791
Amortisation of intangible assets	102	111
Other interest receivable and similar income	(16)	–
Adjustment to loss for the financial year before taxation	14,854	14,911
Other tangible fixed asset movements	–	12
Foreign Exchange Gain/(Loss)	1,177	(4,631)
<i>Changes in:</i>		
Stocks	(2,179)	(420)
Trade and other debtors	2,313	(22,406)
Trade and other creditors	(14,105)	13,790
Cash generated from operations	(13,195)	(16,910)
Interest paid	(815)	(984)
Interest received	16	–
Net cash used in operating activities	<u>(13,994)</u>	<u>(17,894)</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,238)	(1,392)
Purchase of intangible assets	(155)	(143)
Net cash used in investing activities	<u>(1,393)</u>	<u>(1,535)</u>
Cash flows from financing activities		
Proceeds from borrowings	(2,491)	2,153
Proceeds from loans from group undertakings	18,138	16,669
Net cash from financing activities	<u>15,647</u>	<u>18,822</u>
Net increase/(decrease) in cash and cash equivalents	260	(607)
Cash and cash equivalents at beginning of year	2,535	3,142
Cash and cash equivalents at end of year	<u>2,795</u>	<u>2,535</u>

The notes on pages 17 to 32 form part of these financial statements.

Asprey Holdings Limited
Notes to the Financial Statements
Year ended 31 March 2018

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 2018. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

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 2018

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 cash flow projections to June 2019 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 cash flow 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 2018

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 2018

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 yearend 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:

Patents, trademarks and licences	-	10% straight line
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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 2018

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
Development Costs	-	3 Years
IT Development	-	3-5 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 2018

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

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic Financial assets

Basic financial assets, which include debtors are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic Financial liabilities

Basic financial liabilities which include creditors are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as receivable within one year are not amortised.

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.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

4. Turnover

Turnover arises from:

	2018 £000	2017 £000
Luxury goods and services	<u>20,247</u>	<u>35,902</u>

Turnover by destination to 3rd parties is analysed below:

	2018 £000	2017 £000
United Kingdom	10,885	12,563
USA	1,035	851
Far East	1,636	11,964
Europe	1,268	1,497
Middle East	3,491	7,229
Other	84	279
	<u>18,399</u>	<u>34,383</u>
Turnover by destination to related parties is analysed below		
USA	<u>1,848</u>	<u>1,519</u>
	<u>20,247</u>	<u>35,902</u>

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

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £000	2017 £000
Amortisation of intangible assets	102	112
Depreciation of tangible assets	831	791
Impairment of trade debtors	(32)	43
Foreign exchange differences	<u>(5,749)</u>	<u>2,398</u>

6. Auditor's remuneration

	2018 £000	2017 £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>7</u>
	<u>38</u>	<u>38</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

7. Staff costs

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

	2018 No.	2017 No.
Administrative and managerial staff	55	49
Manufacturing	12	12
Retail operations	17	19
	<u>84</u>	<u>80</u>

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

	2018 £000	2017 £000
Wages and salaries	4,058	3,873
Social security costs	429	421
Other pension costs	149	212
	<u>4,636</u>	<u>4,506</u>

8. Other interest receivable and similar income

	2018 £000	2017 £000
Interest on cash and cash equivalents	<u>16</u>	<u>6</u>

9. Interest payable and similar expenses

	2018 £000	2017 £000
Interest on banks loans and overdrafts	<u>14,854</u>	<u>12,457</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

10. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £000	2017 £000
Loss on ordinary activities before taxation	(16,172)	(19,068)
Loss on ordinary activities by rate of tax	(3,073)	(3,958)
Effect of expenses not deductible for tax purposes	1	73
Effect of capital allowances and depreciation	156	(1,517)
Tax losses brought forward	(65,427)	(60,330)
Tax losses carried forward	65,017	65,427
Effect of lower rate of tax on losses brought forward	3,271	–
Loan Relationship Trading Adjustment	2,657	2,295
Effect of foreign exchange movement on losses brought forward	(58)	(82)
Effect of losses not previously recognised	(2,659)	(2,295)
Losses brought forward no longer available for relief	115	387
Tax on loss	–	–

Factors that may affect future tax income

As at the balance sheet date the group has taxable losses carried forward of £342,198,163 (2017 - £327,133,064).

11. 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 2018

12. Intangible assets

Group and company

Patents, trademarks and licences £000

Cost

At 1 April 2017

2,295

Additions

155

At 31 March 2018

2,450

Amortisation

At 1 April 2017

1,853

Charge for the year

102

At 31 March 2018

1,955

Carrying amount

At 31 March 2018

495

At 31 March 2017

442

13. Tangible assets

Group

Leasehold improvements

IT development & E Commerce

Assets under construction

Fixtures and fittings

Museum assets

Development costs

Total

£000

£000

£000

£000

£000

£000

£000

Cost or valuation

At 1 April 2017

8,083

538

1,867

7,046

318

2,122

19,974

Additions

-

1

1,019

-

-

218

1,238

Disposals

-

-

-

-

-

-

-

Foreign exchange

(2)

-

-

-

-

-

(2)

Reclassifications

(4)

-

-

4

-

-

-

At 31 March 2018

8,077

539

2,886

7,050

318

2,340

21,210

Depreciation

At 1 April 2017

4,429

406

-

6,875

-

1,857

13,567

Charge for the year

357

71

-

152

-

250

830

Disposals

-

-

-

-

-

-

-

Reclassifications

-

-

-

-

-

-

-

At 31 March 2018

4,786

477

-

7,027

-

2,107

14,397

Net book value

At 31 March 2018

3,291

62

2,886

23

318

233

6,813

At 31 March 2017

3,654

132

1,867

171

318

265

6,407

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

13. 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 2017	7,060	273	632	5,091	318	2,122	15,496
Additions	-	-	535	-	-	-	535
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 March 2018	7,060	273	1,167	5,091	318	2,122	16,031
Depreciation							
At 1 April 2017	3,865	256	-	5,089	-	1,858	11,068
Charge for the year	319	12	-	1	-	178	510
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
At 31 March 2018	4,184	268	-	5,090	-	2,036	11,578
Net book value							
At 31 March 2018	2,876	5	1,167	1	318	86	4,453
At 31 March 2017	3,195	17	632	2	318	264	4,428

14. Investments

Group	Shares in group undertakings
	£000
Cost	
At 1 April 2017 and 31 March 2018	<u>21,315</u>
Impairment	
At 1 April 2017 and 31 March 2018	<u>21,315</u>
Carrying amount	
At 1 April 2017 and 31 March 2018	<u>-</u>
At 31 March 2017	<u>-</u>
Company	Shares in group undertakings
	£000
Cost	
At 1 April 2017 and 31 March 2018	<u>21,315</u>
Impairment	
At 1 April 2017 and 31 March 2018	<u>21,315</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

14. Investments *(continued)*

Company	Shares in group undertakings £000
Carrying amount	
At 1 April 2017 and 31 March 2018	—
At 31 March 2017	—

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

15. Stocks

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Raw materials and consumables	3,547	3,130	—	—
Work in progress	—	23	—	—
Finished goods and goods for resale	10,707	8,922	—	—
	<u>14,254</u>	<u>12,075</u>	<u>—</u>	<u>—</u>

The company holds no stock. At 31 March 2018, the amount of consignment stock held by the group was £6,467,516 (2017: £6,219,578). Consignment stock is not in the balance sheet as ownership is not transferred until the point of sale.

16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade debtors	439	1,436	—	—
Amounts owed by group undertakings	55,371	60,309	65,768	59,251
Prepayments and accrued income	1,233	2,709	28	8
Other debtors	970	809	24	160
	<u>58,013</u>	<u>65,263</u>	<u>65,820</u>	<u>59,419</u>

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

16. Debtors *(continued)*

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

17. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans and overdrafts	6,778	2,303	–	–
Trade creditors	4,786	6,495	200	225
Amounts owed to group undertakings	128,373	115,173	124,961	111,612
Accruals and deferred income	6,364	6,365	488	482
Social security and other taxes	267	154	192	73
Other creditors	1,948	417	1,878	327
	<u>148,516</u>	<u>130,907</u>	<u>127,719</u>	<u>112,719</u>

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

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.

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

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans and overdrafts	<u>–</u>	<u>6,966</u>	<u>–</u>	<u>–</u>

19. 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 2018 is £35,054,919 (2017: £38,121,093).

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £148,677 (2017: £211,769).

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2018	2017
	£000	£000
Financial assets that are debt instruments measured at amortised cost	56,780	62,554

Financial liabilities measured at amortised cost

	Group	
	2018	2017
	£000	£000
Financial liabilities measured at amortised cost	147,623	131,354

The group financial instruments may be analysed as follows:

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors £438,645 (2017: £1,435,950, Other debtors £969,707 (2017: £808,784) and amounts owed by group undertakings £55,370,684 (2017: 60,308,602).

Financial Liabilities measured at amortised cost comprise of trade creditors £4,785,995 (2017: £6,494,984), amounts owed to group undertakings £128,372,826 (2017: £115,172,595) other creditors £1,948,320 (2017: £417,495) and bank loan 6,777,856 (2017: 13,460,975).

22. Called up share capital

Issued, called up and fully paid

	2018		2017	
	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.

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

24. Operating leases

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

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Not later than 1 year	3	3	1	1
Later than 1 year and not later than 5 years	634	953	50	83
Later than 5 years	95,555	100,055	–	–
	<u>96,192</u>	<u>101,011</u>	<u>51</u>	<u>84</u>

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:

	2018 Group	2018 Company	2017 Group	2017 Company
	£000	£000	£000	£000
Asprey Limited (Trading/Financing)	42,074	30,807	45,338	33,774
Asprey International Limited (Financing)	(115,559)	(124,961)	(100,984)	(111,612)
Asprey Worldwide Holdings Limited (Financing)	3,834	3,834	4,334	4,334
AIL Ltd Finance (Financing)	(3,411)	–	(2,561)	–

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

	2018 Group	2018 Company	2017 Group	2017 Company
	£000	£000	£000	£000
Asprey Limited (Sale of products/Service and procurement fees)	90	63	66	18
Asprey International Limited (Interest)	(14,002)	(14,002)	(11,473)	(11,473)

Asprey Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

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 (25.13%), Tynedale Ltd (20.58 %), Velsheda Investments LLC (10.86%), Sciens International GP Holdco SECS (7.3%) and Belmont Alternative Holdings Limited (6.99%). As at 31st March 2017 the ultimate controlling principal shareholders were Sciens Special Situation Masterfund Ltd (25.1%), Tynedale Ltd (20.60%), 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 .