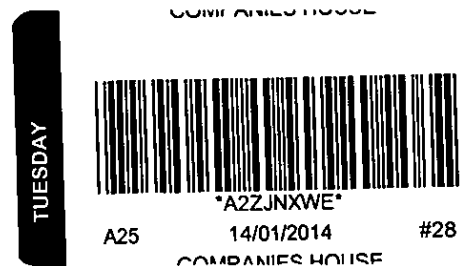


Registered number 4144080 (England and Wales)

Garrard Holdings Limited

Directors' report and financial statements for the year ended
31 March 2013



Garrard Holdings Limited

Registered number 4144080 (England and Wales)

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Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Company information

Directors

Edward Renwick
Bradford Nugent

Registered office

24 Albemarle Street
London
W1S 4HT

Registered number

4144080 (England and Wales)

Independent auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

Bankers

HSBC Bank Plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

Solicitors

Latham and Watkins
99 Bishopsgate
London
EC2M 3XF

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Directors' Report for the year ended 31 March 2013

The directors present their report with the audited financial statements of the company for the year ended 31 March 2013

Results and dividends

The loss for the financial year, after taxation, amounted to £649,000 (2012 £1,615,000) which will be deducted from reserves

The directors do not recommend the payment of a dividend (2012 £nil)

Directors

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

Edward Renwick
Bradford Nugent

The directors did not at any stage of the year own shares in the company

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Principal activity & review of the business

The company acts as a holding company for the Garrard brand whose principal activities during the year have been, and will continue to be, those of goldsmiths, silversmiths, jewellers and retailers of jewellery and luxury goods predominantly within the UK.

Future outlook

The outlook for 2013/2014 is expected to remain challenging, and actions to maximise cash and the return from existing network and assets are an ongoing focus. Close management of working capital will continue during the year.

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Directors' Report for the year ended 31 March 2013 (continued)

Principal risks and uncertainties

Policy on financial risk management

The company is exposed to a variety of risks and uncertainties which may have a financial impact on the company and which also impact the achievement of social, economic and environmental objectives. These risks include strategic, commercial, operational and financial risks and are further categorised into risk areas to facilitate consolidated risk reporting across the Delltrade group.

Foreign exchange

UK Sterling is the presentational currency of the company. However, the company has substantial transactions in US Dollars, which exposes the company to fluctuations in foreign exchange rates.

Interest rate and liquidity risk

The company has no significant interest rate risk as at 31st March 2013 or 2012. Loan finance from shareholders is on a fixed basis. Payables are generally due to mature from one to three months. Liquidity risk is managed through short and medium-term forecasting, which forms the basis to schedule loan finance in order to meet funding needs. Significant actions to limit operational cost and manage working capital levels have been taken in order to ensure that liquidity is maintained going forward.

Going concern

The directors believe that, after making enquiries of their bankers and shareholder, Delltrade Limited, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has obtained a letter from its shareholders confirming that they will provide funding for the entity for a period of at least 12 months from date of signing of these financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

Post balance sheet events

There have been no material post balance sheet events that would require disclosure or adjustment to the financial statements.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the auditor, the director has taken all the steps he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Directors' Report for the year ended 31 March 2013 (continued)

Re-appointment of auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the company

On behalf of the Board



Edward Kenwick / Bradford Nugent
Director

Date

1/6/14 January 6th 2014

Registered number 4144080 (England and Wales)

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Garrard Holdings Limited

We have audited the financial statements of Garrard Holdings Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 set out on page 5, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its 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.

Independent auditors' report to the members of Garrard Holdings Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London

Date *10 January 2014*



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Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Profit and Loss Account for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Turnover		-	-
Administrative expenses		(649)	(1,615)
Operating loss	2	(649)	(1,615)
Other income (including interest receivable)		-	-
Loss on ordinary activities before taxation		(649)	(1,615)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	14	(649)	(1,615)

All amounts relate to continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Balance Sheet as at 31 March 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	5	156	223
Tangible assets	6	3,134	3,489
Investments	7	19,342	19,342
		22,632	23,054
Current assets			
Debtors	8	7,840	5,841
		7,840	5,841
Creditors : Amounts falling due within one year	9	(41,906)	(39,680)
Net current liabilities		(34,066)	(33,839)
Total assets less current liabilities		(11,434)	(10,785)
Provisions	10	(764)	(764)
Net Liabilities		(12,198)	(11,549)
Capital and reserves			
Called up share capital	13	25,447	25,447
Profit and loss account	14	(37,645)	(36,996)
Total shareholders' deficit	15	(12,198)	(11,549)

The financial statements from pages 8 to 18 were approved by the Board of Directors on *January 6th 2014* and were signed on its behalf by


Edward Kenwick, Bradford Nugent
Director

Registered number 4144080 (England and Wales)

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013

1 Principal accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, 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.

The financial statements of the company are made up to 31 March each year.

Going concern

The directors believe that, after making enquiries of their bankers and shareholder, Delltrade Limited, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has obtained a letter from its shareholders confirming that they will provide funding for the entity for a period of at least 12 months from date of signing of these financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

Intangible fixed assets (Trademarks)

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Cost includes the original purchase price and the costs attributable to bringing the asset to working condition for its intended use. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and building	Shorter of the lease term or useful economic life
Plant and machinery	25% straight line

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

1 Principal accounting policies (continued)

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Debtors

Trade receivables, which generally have 0-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Creditors

Trade and other payables are initially recognised at fair value and subsequently at amortised cost.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Deferred tax

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 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.

Foreign currencies

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

Provisions

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

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

1 Principal accounting policies (continued)

Cash flow

The company is a wholly owned subsidiary company of a group headed by Delltrade Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

Investments

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

Related party transactions

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Delltrade Limited group.

Consolidation exemption

The company is a wholly-owned subsidiary of Delltrade Limited and is included in the consolidated financial statements of Delltrade Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006, and these financial statements therefore present information about the company as an individual undertaking and not about its group.

2 Operating loss

The operating loss is stated after charging	2013 £'000	2012 £'000
Depreciation of tangible fixed assets (Note 6)	405	454
Amortisation of intangible fixed assets (Note 5)	81	73
Services provided by the group's auditor- fees payable for the audit	93	70

The operating lease cost is borne by Garrard and Co Ltd, while the commitment is held by Garrard Holdings. The audit fees payable represent the fees for the Delltrade Group as a whole.

3 Staff costs

	2013 £'000	2012 £'000
Wages and salaries	-	413
Social security costs	-	89
Other pension costs (note 11)	-	35
	-	537



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Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

3 Staff costs (continued)

In 2013 the staff costs for the Garrard Group were borne by Garrard & Co Limited, whereas in 2012 they were borne by Garrard Holdings Limited

The company has no employees other than the directors. The costs for the directors' emoluments for qualifying services performed are trivial and are borne by the ultimate parent undertaking, Yucaipa American Alliance Fund II, LP

4 Taxation

	31 March 2013 £'000	31 March 2012 £'000
a) Based on the loss for the year:		
UK corporation tax on loss for the year	-	-
Deferred Tax:		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	-	-
b) Factors affecting the tax charge for the period:		
Loss on ordinary activities before tax	(649)	(1,615)
Losses on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012: 26%)	(156)	(420)
Effects of		
Capital allowances for period in excess of depreciation	16	33
Expenses not deductible for tax purposes	117	90
Losses not recognised	23	297
Current tax charge for year	-	-

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

4 Taxation (continued)

Deferred tax

A deferred tax asset has not been recognised 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 as at 31 March 2013 is £5,893,184 (2012 £6,121,069)

Factors that may affect future tax charges:

The Finance Act 2012 was enacted on 17 July 2012 and introduced a reduction in the rate of corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013

The Chancellor announced in the Budget of 20 March 2013, that the main rate of UK corporation tax will fall to 20% from 1 April 2015. This follows the announcement in the pre-Budget Report that the main rate will fall to 21% with effect from 1 April 2014

Changes as a result of the above have not been reflected in these financial statements due to the relevant legislation not having been substantively enacted at the balance sheet date

The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted

The rate changes will also impact the amount of future tax payments to be made by the company

5 Intangible fixed assets

	Trademarks £'000
Cost	
At 1 April 2012	894
Additions	14
At 31 March 2013	908
Amortisation	
At 1 April 2012	671
Amortisation for year	81
At 31 March 2013	752
Net book value	
31 March 2013	156
31 March 2012	223

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

6 Tangible fixed assets

	Leasehold Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 April 2012	6,671	1,948	8,619
Additions	2	48	50
At 31 March 2013	6,673	1,996	8,669
Depreciation			
At 1 April 2012	3,282	1,848	5,130
Charge for the year	322	83	405
At 31 March 2013	3,604	1,931	5,535
Net book value			
At 31 March 2013	3,069	65	3,134
At 31 March 2012	3,389	100	3,489

7 Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 31 March 2012 and at 31 March 2013	19,342
Net book value	
At 31 March 2012 and at 31 March 2013	19,342

Interest in group undertakings

	Country of incorporation	Class of share	% owned	Principal activity	Holding
Garrard and Co Limited	England and Wales	Ordinary	100	Trading	Direct
Garrard Trading Limited	England and Wales	Ordinary	100	Dormant	Indirect

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

8 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	7,406	5,182
Other debtors	434	659
	7,840	5,841

Amounts owed by group undertakings are unsecured, interest free, and have no fixed date of repayment

9 Creditors, amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	143	328
Amounts owed to group undertakings	41,172	38,973
Taxation and social security	-	40
Accruals	591	339
	41,906	39,680

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

In March 2011 an English law governed debenture and a Californian law governed share pledge were entered into between Delltrade Limited and its subsidiaries as borrowers and Yucaipa American Alliance Fund II, LP (Yucaipa) as lenders, to provide further security in favour of Yucaipa in relation to the existing loan agreement and any future borrowings. This transaction resulted in the shareholder funding being secured on the assets of the company. Interest relating to this balance is charged at the rate of 15% per annum compounded monthly with a maturity date at 31st January 2014. This interest expense is borne by the parent undertaking.

10 Provisions for liabilities

	£'000
At 1 April 2012	764
Charged to the profit and loss account	-
At 31 March 2013	764

The above provision relates to dilapidations on properties held under an operating lease arrangement. The dilapidations provision is expected to be utilised in line with the expiration of the operating lease.

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

11 Pension commitments

The total pension cost charge for the company for the year ended 31 March 2013 was £Nil (2012 £34,747)

There is no pension prepayment or accrual in the company's balance sheet as at 31 March 2013

12 Financial commitments

The operating leases are held by the company, while the costs are borne by Garrard and Co Ltd

At 31 March 2013 the company was committed to making the following annual payments under these non-cancellable operating leases

	Land and Buildings 2013 £'000	Other 2013 £'000	Land and Buildings 2012 £'000	Other 2012 £'000
Rent				
Leases expiring within				
1 year	90	-	-	-
Between 2 and 5 years	-	-	215	-
Over 5 years	715	-	608	-
	<u>805</u>	<u>-</u>	<u>823</u>	<u>-</u>

13 Called up share capital

	2013 £'000	2012 £'000
Authorised		
25,447,000 ordinary shares of £1 each	<u>25,447</u>	<u>25,447</u>
Allotted, issued and fully paid		
25,447,000 ordinary shares of £1 each	<u>25,447</u>	<u>25,447</u>

14 Reserves

	Profit and loss account £'000
At 1 April 2012	(36,996)
Loss for the financial year	(649)
At 31 March 2013	<u>(37,645)</u>

Garrard Holdings Limited

Registered number 4144080 (England and Wales)

Notes to the financial statements for the year ended 31 March 2013 (continued)

15 Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Loss for the year	(649)	(1,615)
Net deduction to shareholders' funds	(649)	(1,615)
Opening shareholders' deficit	(11,549)	(9,934)
Closing shareholders' deficit	(12,198)	(11,549)

16 Ultimate parent undertaking and controlling party

At the balance sheet date, the company's immediate holding company was Garrard (UK) Group limited. Delltrade Limited is the intermediate parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31st March 2013. The consolidated financial statements of Delltrade Limited are available from the registered address as listed on page 1 of these financial statements. The ultimate parent undertaking and controlling party is Yucaipa American Alliance Fund II, LP and its Parallel Fund, a limited partnership formed in the Cayman Islands.

17 Post balance sheet events

There have been no material post balance sheet events that would require disclosure or adjustment to the financial statements.