

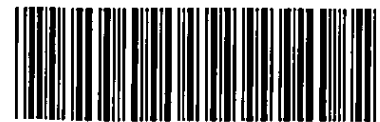
**Anthony Nicholas (UK)
Limited**

**Directors' report and
financial statements**

Year ended 31 December 2010

Registered number 6302848

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Anthony Nicholas (UK) Limited

Directors' report and financial statements

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Anthony Nicholas (UK) Limited

Directors and other information

Directors	Noel Coyle Anthony Obernik Murray McGarvie Derek Gleeson Diane Day
Secretary	Murray McGarvie
Registered office	Hertsmere House Shenley Road Borehamwood Hertfordshire WD6 1TE
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
Bankers	Anglo Irish Bank Corporation Limited Stephen Court 18/21 St Stephen's Green Dublin 2
Solicitors	Biggart & Baillie LLP Dalmore House 310 St Vincent St Glasgow, G2 5QR United Kingdom

Anthony Nicholas (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activities, business review and future developments

The principal activity of the company is the provision of management services to the Fraser Hart group

The performance of the company during the year is as expected by the directors

The directors expect the general level of activity to continue for the foreseeable future

Results and dividends

The loss for the year after taxation amounted to £1,991,856

Directors

The directors who held office at 31 December 2010 were

Noel Coyle

Anthony Obernik

H Murray McGarvie (appointed 20 December 2010)

Derek Gleeson (appointed 21 June 2010)

Diane Day (appointed 30 December 2010)


Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office

On behalf of the board



Noel Coyle
Director

30 June 2011

Anthony Nicholas (UK) Limited

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



Noel Coyle
Director

Independent auditors' report to the members of Anthony Nicholas (UK) Limited

We have audited the financial statements of Anthony Nicholas (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at [date] and of its [profit] / [loss] for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Anthony Nicholas (UK) Limited
(continued)

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



Cathy Byrne
(Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor

30 June 2011

Anthony Nicholas (UK) Limited

Profit and loss account for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover - continuing operations	2	3,182,154	2,536,610
Administration expenses		(3,070,147)	(2,572,191)
		<hr/>	<hr/>
Operating profit (loss)			
continuing operations	3	112,007	(35,581)
Interest payable and similar charges	4	(2,103,863)	(1,932,896)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,991,856)	(1,968,477)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Loss for the financial year	11/12	(1,991,856)	(1,968,477)
		<hr/>	<hr/>

The company had no recognised gains or losses in the financial year or the preceding financial year other than those shown in the profit and loss account

Anthony Nicholas (UK) Limited

Balance sheet

as at 30 September 2010

	Notes	2010 £	2009 £
Fixed assets			
Investments	6	58,165,770	58,165,770
Current assets			
Debtors	7	100	100
Creditors: amounts falling due within one year	8	(5,133,396)	(4,064,604)
Net current liabilities		(5,133,296)	(4,064,504)
Total assets less current liabilities		53,032,474	54,101,266
Creditors: amounts falling due after more than one year	9	(60,533,129)	(59,610,065)
Net liabilities		(7,500,655)	(5,508,799)
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	(7,500,755)	(5,508,899)
Shareholders' deficit	12	(7,500,655)	(5,508,799)

The financial statements were approved by the board of directors on 30/6/11 and were signed on its behalf by


Noel Coyle
Director

Anthony Nicholas (UK) Limited

Notes forming part of the financial statements

1 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation - going concern

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board

The financial statements are prepared on a going concern basis as Anthony Nicholas Limited, the ultimate parent undertaking of the company, has undertaken to provide financial support to the company for the foreseeable future so as to allow it to meet its liabilities as they fall due

Turnover

Turnover represents management fee income received from group companies and is recognised in accordance with the relevant management agreement

Investments

Financial fixed assets are shown at cost less provisions for impairments in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

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. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Anthony Nicholas (UK) Limited

Notes (continued)

1 Significant accounting policies (continued)

A net deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted

Consolidated accounts

The company is a subsidiary of an EU parent and is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation 9 of the European Communities (Company Group Accounts) Regulation 1992. Consequently, these financial statements deal with the results of the company as a single entity

Cash flow statement

The directors have availed of the exemption contained in Financial Reporting Standard 1 and, accordingly, no cash flow statement is presented

2 Turnover

Turnover arises from the provision of management services to the Fraser Hart group and from activities undertaken wholly within the United Kingdom

3 Statutory and other information

	2010 £	2009 £
Directors' remuneration		
Fees	-	-
Other remuneration	-	-
	<hr/>	<hr/>

The audit fee is borne by a related entity

4 Interest payable and similar charges

	2010 £	2009 £
On bank loans, overdrafts and other loans wholly repayable within five years	2,103,863	1,932,896
	<hr/>	<hr/>

Anthony Nicholas (UK) Limited

Notes (continued)

5	Tax on loss on ordinary activities	2010 £	2009 £
	<i>Current tax reconciliation</i>		
	Loss on ordinary activities before tax	(1,991,856)	(1,968,477)
	Current tax at 28% (2009 28 0%)	(557,720)	(551,174)
	<i>Effects of</i>		
	Expenses not deductible for tax purposes	-	1,687
	Group relief	713,546	617,606
	Transfer pricing adjustments	(155,826)	(68,119)
	Total current tax charge	-	-

6	Investments	Shares in group undertakings £
	<i>Cost</i>	
	At beginning and end of year	58,165,770

Name	Country of registration	Details of investment	Proportion held	Principal activity
<i>Subsidiary undertakings</i>				
Fraser Hart Holdings Limited* (1)	UK	Ordinary Shares	100%	Investment holding
Fraser Hart Limited (1)	UK	Ordinary Shares	100%	Retail Jeweller

* Indicates shares held directly by Anthony Nicholas (UK) Limited

Note 1 The registered office address is 19 Queen Street, Glasgow G1 3ED

Anthony Nicholas (UK) Limited

Notes (continued)

7	Debtors	2010	2009
		£	£
	<i>Amounts falling due within one year</i>		
	Amounts owed by group undertakings	100	100
		<hr/>	<hr/>
8	Creditors: amounts falling due within one year	2010	2009
		£	£
	Bank loans (note 9)	4,000,000	3,000,000
	Trade creditors -- arrangement fee	228,344	443,144
	Accruals	905,052	621,460
		<hr/>	<hr/>
		5,133,396	4,064,604
		<hr/>	<hr/>
9	Creditors: amounts falling due after one year	2010	2009
		£	£
	Bank loan	35,978,311	40,078,311
	Amounts owed to group undertakings	24,554,818	19,303,409
	Non current trade creditors	-	228,345
		<hr/>	<hr/>
		60,533,129	59,610,065
		<hr/>	<hr/>
	Loans		
	Repayable in one year or less (note 8)	4,000,000	3,000,000
	Repayable between one and two years	11,000,000	4,000,000
	Repayable between two and five years	24,978,311	36,078,311
	Repayable in five years or more	-	-
		<hr/>	<hr/>
		39,978,311	43,078,311
		<hr/>	<hr/>

Anthony Nicholas (UK) Limited

Notes (continued)

10	Called up share capital	2010	2009
		£	£
	<i>Authorised</i>		
	1,000,000 Ordinary Shares of £1 each	1,000,000	1,000,000
		<hr/>	<hr/>
	<i>Allotted, called up and fully paid</i>		
	100 Ordinary Shares of £1 each	100	100
		<hr/>	<hr/>
11	Profit and loss account	2010	2009
		£	£
	At beginning of year	(5,508,899)	(3,540,422)
	Loss for the financial year	(1,991,856)	(1,968,477)
		<hr/>	<hr/>
	At end of year	(7,500,755)	(5,508,899)
		<hr/>	<hr/>
12	Reconciliation of movements in shareholders' funds	2010	2009
		£	£
	Opening shareholders' deficit	(5,508,799)	(3,540,322)
	Loss for the financial year	(1,991,856)	(1,968,477)
		<hr/>	<hr/>
	Closing shareholders' deficit	(7,500,655)	(5,508,799)
		<hr/>	<hr/>

13 Contingent liabilities

The company has, together with its parent and fellow subsidiaries, jointly and severally guaranteed amounts borrowed by group companies from Anglo Irish Bank Corporation Limited up to a maximum of £78,389,260 (€91,070,880) (2009 £81,949,068 (€92,274,595)) The indebtedness is secured by fixed and floating charges over the property, assets and or undertaking of each member of the group without limitation

14 Ultimate parent undertaking/controlling party

The company's ultimate holding company is Anthony Nicholas Limited, a company incorporated and registered in the Republic of Ireland The largest group in which the results of the company are consolidated is that headed by Anthony Nicholas Limited The consolidated financial statements of Anthony Nicholas Limited are available to the public and may be obtained from the Companies Registration Office, Parnell House, 14 Parnell Square, Dublin 1