

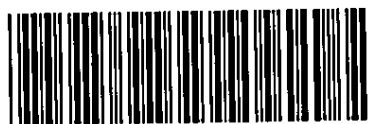
**Anthony Nicholas (UK)
Limited**

**Directors' report and financial
statements**

Year ended 31 December 2008

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
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 PLC 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 2008.

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 directors are satisfied with the performance of the company during the year.

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 £2,430,317.

Directors and secretary and their interests

The Directors who held office at 31 December 2008 were as follows:

Noel Coyle

Anthony Obernik

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



Noel Coyle

Director

22 June 2009

Anthony Nicholas (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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).

The financial statements are required by law to 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 proper accounting records that 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, 1985. 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.

On behalf of the board



Noel Coyle
Director

Independent auditor's 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 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. 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 auditors' 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), are set out on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements. In addition we report to you if, in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its loss for the year then ended;
- have been properly prepared in accordance with the Companies Acts, 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



*Chartered Accountants
Registered Auditor*

23 October 2009

Anthony Nicholas (UK) Limited

Statement of accounting policies

for the year ended 31 December 2008

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.

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.

Anthony Nicholas (UK) Limited

Statement of accounting policies *(continued)*
for the year ended 31 December 2008

Cash flow statement

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

Anthony Nicholas (UK) Limited

Profit and loss account

for the year ended 31 December 2008

		Year ended 31 December 2008	6 months period ended 31 December 2007
	Notes	£	£
Turnover - continuing operations	1	1,796,831	898,657
Administration expenses		(1,696,829)	(858,890)
Operating profit - continuing operations		100,002	39,767
Interest payable and similar charges	2	(2,530,319)	(1,149,872)
Loss on ordinary activities before taxation		(2,430,317)	(1,110,105)
Tax on loss on ordinary activities	3	-	-
Loss for the financial year / period	9 / 10	(2,430,317)	(1,110,105)

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

Anthony Nicholas (UK) Limited

Balance sheet

at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	4	58,165,770	58,154,768
Current assets			
Debtors	5	100	100
Creditors: amounts falling due within one year	6	(2,890,503)	(3,745,759)
Net current liabilities		(2,890,403)	(3,745,659)
Total assets less current liabilities		55,275,367	54,409,109
Creditors: amounts falling due after more than one year	7	(58,815,689)	(55,519,114)
Net liabilities		(3,540,322)	(1,110,005)
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	(3,540,422)	(1,110,105)
Shareholders' deficit	10	(3,540,322)	(1,110,005)

The financial statements were approved by the board of directors on 22 June 09 and were signed on its behalf by:


Noel Coyle
Director

Anthony Nicholas (UK) Limited

Notes

forming part of the financial statements

1 Turnover

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

2 Interest payable and similar charges

	Year ended 31 December 2008	6 months period ended 31 December 2007
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	<u>2,530,319</u>	<u>1,149,872</u>

3 Tax on loss on ordinary activities

	Year ended 31 December 2008	6 months period ended 31 December 2007
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>(2,430,317)</u>	<u>(1,110,105)</u>
Current tax at 28.5% (2007: 30.0%)	<u>(692,640)</u>	<u>(333,032)</u>
<i>Effects of:</i>		
Group relief	<u>692,640</u>	<u>333,507</u>
Other adjustments	<u>-</u>	<u>(475)</u>
Total current tax charge	<u>-</u>	<u>-</u>

Anthony Nicholas (UK) Limited

Notes (*continued*)

4	Investments	Shares in group undertakings £
	<i>Cost</i>	
	At beginning of year	58,154,768
	Additions in year	<u>11,002</u>
	At end of year	<u>58,165,770</u>
	<i>Net book values</i>	
	At 31 December 2008	<u>58,165,770</u>
	At 31 December 2007	<u>58,154,768</u>

Anthony Nicholas (UK) Limited

Notes *(continued)*

4 Investments *(continued)*

Name	Country of registration	Details of investment	Proportion held	Principal activity
<i>Subsidiary undertaking</i>				
Fraser Hart Holdings Limited (1)	UK	Ordinary Shares	100%*	Investment holding company
Fred Hill Holdings Limited (1)	UK	Ordinary Shares	100%	Investment holding company
Associated Goldsmiths Limited (2)	UK	Ordinary Shares	100%	Dormant
Fred Hill (Glasgow) Limited (1)	UK	Ordinary Shares	100%	Dormant
Geoffrey Richard (Holdings) Limited (2)	UK	Ordinary Shares	100%	Dormant
Fraser Hart Limited (1)	UK	Ordinary Shares	100%	Retail Jeweller
Bernstones Limited (2)	UK	Ordinary Shares	100%	Dormant
Crouch the Goldsmiths (Cardiff) Limited (2)	UK	Ordinary Shares	100%	Dormant
Crouch the Goldsmiths (St David's Centre, Cardiff) Limited (2)	UK	Ordinary Shares	100%	Dormant

Anthony Nicholas (UK) Limited

Notes (continued)

4 Investments (continued)

Name	Country of registration	Details of investment	Proportion held	Principal activity
<i>Subsidiary undertaking</i>				
Swansea Goldsmiths Limited (2)	UK	Ordinary Shares	100%	Dormant
Prestons (Rochdale) Limited (2)	UK	Ordinary Shares	100%	Dormant
Hepting & Farrer Limited (1)	UK	Ordinary Shares	100%	Retail Jeweller

* Interest held directly by Anthony Nicholas (UK) Limited.

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

Note 2: The registered office address is Hertsmere House, Shenley Road, Borehamwood, Hertfordshire, WD6 1TE

5 Debtors	2008 £	2007 £
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	<u>100</u>	<u>100</u>

Anthony Nicholas (UK) Limited

Notes (continued)

6	Creditors: amounts falling due within one year	2008	2007
		£	£
	Bank loans (note 7)	1,337,793	2,006,689
	Trade creditors	671,489	847,558
	Accruals	881,221	891,512
		<u>2,890,503</u>	<u>3,745,759</u>
7	Creditors: amounts falling due after one year	2008	2007
		£	£
	Bank loan	27,993,311	27,993,311
	Amounts owed to group undertakings	30,822,378	27,525,803
		<u>58,815,689</u>	<u>55,519,114</u>
	Loans		
	Repayable in one year or less (note 6)	1,337,793	2,006,689
	Repayable between one and two years	1,672,240	1,672,240
	Repayable between two and five years	5,351,170	3,344,480
	Repayable in five years or more	20,969,901	22,976,591
		<u>29,331,104</u>	<u>30,000,000</u>
8	Called up share capital	2008	2007
		£	£
	<i>Authorised</i>		
	1,000,000 Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<i>Allotted, called up and fully paid</i>		
	100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

Anthony Nicholas (UK) Limited

Notes (continued)

9 Profit and Loss Account

	Year ended 31 December 2008	6 months period ended 31 December 2007
	£	£
At beginning of year	(1,110,105)	-
Loss for the financial year	(2,430,317)	(1,110,105)
At end of year	(3,540,422)	(1,110,105)

10 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2008	6 months period ended 31 December 2007
	£	£
Opening shareholders' deficit	(1,110,005)	-
Loss for the financial year	(2,430,317)	(1,110,105)
Nominal value of shares issued	-	100
Closing shareholders' deficit	(3,540,322)	(1,110,005)

11 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 plc up to a maximum of £91,016,500 (€95,555,380) (2007: £78,110,910 (€106,512,457)). The indebtedness is secured by fixed and floating charges over the property, assets and or undertaking of each member of the group without limitation.

12 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.