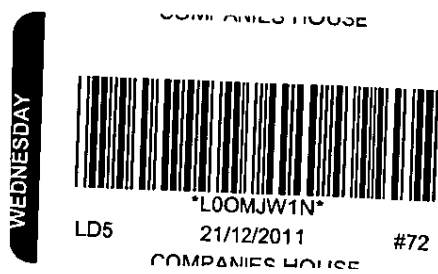


Company Registration No. 00753013 (England and Wales)

MOUSSAIEFF JEWELLERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011



MOUSSAIEFF JEWELLERS LIMITED

COMPANY INFORMATION

Directors	A Moussaieff S Moussaieff
Secretary	R Gupta
Company number	00753013
Registered office	P O Box 7010 First Floor 44 - 46 Whitfield Street London W1A 2EA
Auditors	Harold Everett Wreford LLP First Floor 44 - 46 Whitfield Street London W1T 2RJ
Bankers	Barclays Bank PLC

MOUSSAIEFF JEWELLERS LIMITED

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MOUSSAIEFF JEWELLERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and financial statements for the year ended 31 March 2011

Principal activities and review of the business

The principal activity of the company during the year continued to be the retail and wholesale of jewellery

The results for the year were considered satisfactory by the directors

Key performance indicators include

Turnover £76,859,214 (2010 - £77,434,277)

Gross Profit £35,740,697 (2010 - £33,033,913)

Profit after taxation £19,336,080 (2010 - £17,095,723)

The position of the company at the balance sheet date can be summarised as follows

Net shareholders' funds £128,718,328 (2010 - £109,682,248)

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. Due to the nature of the financial instruments there is no exposure to price risk. In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at affordable rates of interest as well as ensuring that the business has sufficient stock to maintain sales. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The company manages its currency risk exposure via its foreign currency bank accounts by only dealing in stable currencies, but does not seek to hedge any remaining exposure.

Results and dividends

The results for the year are set out on page 5

An interim ordinary dividend was paid amounting to £300,000. The directors do not recommend payment of a final dividend.

Future developments

There were no plans for any significant changes in the activity of the company.

Directors

The following directors have held office since 1 April 2010

A Moussaieff

S Moussaieff

Charitable donations

2011

2010

£

£

During the year the company made the following payments

Charitable donations

617

9,002

The recipients, amounts and purpose of the charitable donations are as follows

2010 - Monte Carlo Friends of Sheba Medical Center £9,002 - funding a medical facility in Israel

2011 - William Goldberg One Family Passover Camp £617 - funding Passover camp for victims of terrorism

MOUSSAIEFF JEWELLERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year

Auditors

In accordance with the company's articles, a resolution proposing that Harold Everett Wreford LLP be reappointed as auditors of the company will be put at a General Meeting

Directors' responsibilities

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 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 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

Statement of disclosure to auditors

So far as the directors are aware

- (a) there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



A Moussaieff

Director

12 December 2011

MOUSSAIEFF JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MOUSSAIEFF JEWELLERS LIMITED

We have audited the financial statements of Moussaieff Jewellers Limited for the year ended 31 March 2011 set out on pages 5 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 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

MOUSSAIEFF JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF MOUSSAIEFF JEWELLERS LIMITED

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

David Scott (Senior Statutory Auditor)
for and on behalf of Harold Everett Wreford LLP

20 December 2011

Chartered Accountants
Statutory Auditor

First Floor
44 - 46 Whitfield Street
London
W1T 2RJ

MOUSSAIEFF JEWELLERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	76,859,214	77,434,277
Cost of sales		<u>(41,118,517)</u>	<u>(44,400,364)</u>
Gross profit		35,740,697	33,033,913
Distribution costs		(1,006,869)	(1,617,954)
Administrative expenses		(7,581,207)	(7,291,528)
Other operating income		<u>222,027</u>	<u>47,248</u>
Operating profit	3	27,374,648	24,171,679
Other interest receivable and similar income	4	-	5,813
Interest payable and similar charges	5	<u>(485,544)</u>	<u>(386,739)</u>
Profit on ordinary activities before taxation		26,889,104	23,790,753
Tax on profit on ordinary activities	6	<u>(7,553,024)</u>	<u>(6,695,030)</u>
Profit for the year	15	<u><u>19,336,080</u></u>	<u><u>17,095,723</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account


MOUSSAIEFF JEWELLERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,770,339		2,012,576
Current assets					
Stocks	9	158,526,235		124,995,787	
Debtors	10	14,990,007		3,388,550	
Cash at bank and in hand		79,574		3,547,733	
		<u>173,595,816</u>		<u>131,932,070</u>	
Creditors amounts falling due within one year	11	<u>(44,647,827)</u>		<u>(21,262,398)</u>	
Net current assets			<u>128,947,989</u>		<u>110,669,672</u>
Total assets less current liabilities			130,718,328		112,682,248
Creditors amounts falling due after more than one year	12		<u>(2,000,000)</u>		<u>(3,000,000)</u>
			<u>128,718,328</u>		<u>109,682,248</u>
Capital and reserves					
Called up share capital	14		10,000		10,000
Profit and loss account	15		<u>128,708,328</u>		<u>109,672,248</u>
Shareholders' funds	16		<u>128,718,328</u>		<u>109,682,248</u>

Approved by the Board and authorised for issue on 19 December 2011


A Moussaieff
Director

Company Registration No 00753013

MOUSSAIEFF JEWELLERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	£	2011 £	£	2010 £
Net cash (outflow)/inflow from operating activities		(14,561,000)		23,912,015
Returns on investments and servicing of finance				
Interest received	-		5,813	
Interest paid	(485,544)		(386,739)	
Net cash outflow for returns on investments and servicing of finance		(485,544)		(380,926)
Taxation		(4,287,988)		(2,787,496)
Capital expenditure				
Payments to acquire tangible assets	(25,098)		(18,545)	
Receipts from sales of tangible assets	1,600		-	
Net cash outflow for capital expenditure		(23,498)		(18,545)
Equity dividends paid		(300,000)		(1,158,813)
Net cash (outflow)/inflow before management of liquid resources and financing		(19,658,030)		19,566,235
Financing				
Other new short term loans	10,000,000		-	
Repayment of long term bank loan	(1,000,000)		(1,000,000)	
Net cash inflow/(outflow) from financing		9,000,000		(1,000,000)
(Decrease)/increase in cash in the year		(10,658,030)		18,566,235

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		2011	2010
			£	£
	Operating profit		27,374,648	24,171,679
	Depreciation of tangible assets		258,644	297,683
	Loss on disposal of tangible assets		7,091	-
	Increase in stocks		(33,530,448)	(6,501,959)
	(Increase)/decrease in debtors		(11,601,457)	8,749,237
	Increase/(decrease) in creditors within one year		2,930,522	(2,804,625)
	Net cash (outflow)/inflow from operating activities		<u>(14,561,000)</u>	<u>23,912,015</u>
2	Analysis of net debt	1 April 2010	Cash flow	Other non- 31 March 2011 cash changes
		£	£	£
	Net cash			
	Cash at bank and in hand	3,547,733	(3,468,159)	-
	Bank overdrafts	(489,621)	(7,189,871)	-
		<u>3,058,112</u>	<u>(10,658,030)</u>	<u>(7,599,918)</u>
	Bank deposits	-	-	-
	Debt			
	Debts falling due within one year	(1,000,000)	(10,000,000)	-
	Debts falling due after one year	(3,000,000)	1,000,000	-
		<u>(4,000,000)</u>	<u>(9,000,000)</u>	<u>(13,000,000)</u>
	Net debt	<u>(941,888)</u>	<u>(19,658,030)</u>	<u>(20,599,918)</u>
3	Reconciliation of net cash flow to movement in net debt		2011	2010
			£	£
	(Decrease)/increase in cash in the year		(10,658,030)	18,566,235
	Cash (inflow)/outflow from (increase)/decrease in debt		(9,000,000)	1,000,000
	Movement in net debt in the year		<u>(19,658,030)</u>	<u>19,566,235</u>
	Opening net debt		(941,888)	(20,508,123)
	Closing net debt		<u>(20,599,918)</u>	<u>(941,888)</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts. Turnover is recognised upon sale of goods at which point the significant risks and rewards of ownership of the goods are transferred to the buyer

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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

Improvements to premises	10% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	20% reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for slow moving items. As an expert in the field, the director, Mrs A. Moussaieff, is responsible for providing a valuation for high value items

1.7 Pensions

The costs of providing pension benefits are charged to the profit and loss account as they are incurred

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.9 Foreign currency translation

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 profit and loss account

1.10 Debtors

Known bad debts are written off and provision is made for any considered to be doubtful

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

2 Turnover	2011	2010
	£	£
Geographical market		
United Kingdom	5,699,556	1,673,648
Rest of the World	71,159,658	75,760,629
	<u>76,859,214</u>	<u>77,434,277</u>

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and services provided as a principal. An analysis of turnover by geographical market is provided above.

3 Operating profit	2011	2010
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	258,644	297,683
Loss on disposal of tangible assets	7,091	-
Operating lease rentals		
- Plant and machinery	-	2,403
- Other assets	1,623,736	1,533,569
Fees payable to the company's auditor for the audit of the company's annual accounts	17,500	17,500
and after crediting		
Profit on foreign exchange transactions	<u>(181,240)</u>	<u>(600,577)</u>

4 Investment income	2011	2010
	£	£
Other interest	<u>-</u>	<u>5,813</u>

5 Interest payable	2011	2010
	£	£
On bank loans and overdrafts	303,918	183,588
On other loans wholly repayable within five years	51,575	70,843
On overdue tax	130,051	132,308
	<u>485,544</u>	<u>386,739</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

6	Taxation	2011	2010
		£	£
	Domestic current year tax		
	U K corporation tax	7,553,024	6,695,030
		<u>7,553,024</u>	<u>6,695,030</u>
	Total current tax	<u>7,553,024</u>	<u>6,695,030</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	26,889,104	23,790,753
		<u>26,889,104</u>	<u>23,790,753</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2010 - 28.00%)	7,528,949	6,661,411
		<u>7,528,949</u>	<u>6,661,411</u>
	Effects of		
	Non deductible expenses	12,533	22,870
	Depreciation add back	74,406	83,351
	Capital allowances	(62,864)	(72,602)
		<u>24,075</u>	<u>33,619</u>
	Current tax charge for the year	<u>7,553,024</u>	<u>6,695,030</u>
7	Dividends	2011	2010
		£	£
	Ordinary interim paid 28 January 2010	-	1,158,813
	Ordinary interim paid 28 January 2011	300,000	-

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

8 Tangible fixed assets

	Improvements to premises	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2010	2,411,813	1,559,859	57,294	4,028,966
Additions	-	5,478	19,620	25,098
Disposals	-	-	(21,218)	(21,218)
At 31 March 2011	2,411,813	1,565,337	55,696	4,032,846
Depreciation				
At 1 April 2010	950,039	1,030,042	36,309	2,016,390
On disposals	-	-	(12,527)	(12,527)
Charge for the year	146,177	106,084	6,383	258,644
At 31 March 2011	1,096,216	1,136,126	30,165	2,262,507
Net book value				
At 31 March 2011	1,315,597	429,211	25,531	1,770,339
At 31 March 2010	1,461,774	529,817	20,985	2,012,576

9 Stocks

	2011	2010
	£	£
Finished goods and goods for resale	158,526,235	124,995,787

10 Debtors

	2011	2010
	£	£
Trade debtors	13,999,624	2,545,855
Other debtors	650,467	278,496
Prepayments and accrued income	339,916	564,199
	14,990,007	3,388,550

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

11 Creditors amounts falling due within one year	2011	2010
	£	£
Bank loans and overdrafts	18,679,492	1,489,621
Trade creditors	8,546,513	5,444,875
Corporation tax	13,498,054	10,233,018
Other taxes and social security costs	140,179	132,595
Directors' current accounts	33,464	32,958
Amounts owed to Keves S A	2,555,247	2,842,471
Accruals and deferred income	1,194,855	1,086,860
	<u>44,647,827</u>	<u>21,262,398</u>
 Debt due in one year or less	 <u>1,000,000</u>	 <u>1,000,000</u>

The bank loans and overdrafts are secured by fixed and floating debentures on the assets of the company

12 Creditors amounts falling due after more than one year	2011	2010
	£	£
Bank loans	<u>2,000,000</u>	<u>3,000,000</u>
 Analysis of loans		
Not wholly repayable within five years other than by instalments	300,000	(4,000,000)
Wholly repayable within five years	<u>12,700,000</u>	<u>8,000,000</u>
	13,000,000	4,000,000
Included in current liabilities	<u>(11,000,000)</u>	<u>(1,000,000)</u>
	<u>2,000,000</u>	<u>3,000,000</u>
 Loan maturity analysis		
In more than five years	<u>2,000,000</u>	<u>3,000,000</u>

13 Pension and other post-retirement benefit commitments Defined contribution

	2011	2010
	£	£
Contributions payable by the company for the year	<u>30,341</u>	<u>23,056</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

14 Share capital	2011	2010
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

15 Statement of movements on profit and loss account	Profit and loss account
	£
Balance at 1 April 2010	109,672,248
Profit for the year	19,336,080
Dividends paid	<u>(300,000)</u>
Balance at 31 March 2011	<u>128,708,328</u>

16 Reconciliation of movements in shareholders' funds	2011	2010
	£	£
Profit for the financial year	19,336,080	17,095,723
Dividends	<u>(300,000)</u>	<u>(1,158,813)</u>
Net addition to shareholders' funds	19,036,080	15,936,910
Opening shareholders' funds	<u>109,682,248</u>	<u>93,745,338</u>
Closing shareholders' funds	<u>128,718,328</u>	<u>109,682,248</u>

17 Contingent liabilities

The company has contingent liabilities in respect of guarantees of £600,000 (2010 £600,000) given to H M Customs and Excise

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

18 Financial commitments

At 31 March 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2012

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Between two and five years	850,000	400,000
In over five years	825,000	1,025,000
	<u>1,675,000</u>	<u>1,425,000</u>

19 Directors' remuneration

	2011	2010
	£	£
Remuneration for qualifying services	<u>513,607</u>	<u>511,081</u>
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	<u>273,357</u>	<u>270,831</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Administration	20	21
Selling	18	18
	<u>38</u>	<u>39</u>

Employment costs

	2011 £	2010 £
Wages and salaries	3,158,446	3,210,176
Social security costs	385,032	391,228
Other pension costs	30,341	23,056
	<u>3,573,819</u>	<u>3,624,460</u>

21 Control

The ultimate controlling party is Mrs A Moussaieff who owns all the ordinary share capital of the company

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

22 Related party transactions

During the year the following dividends were paid to a director of the company in respect of ordinary shares

	2011	2010
	£	£
A Moussaieff	300,000	1,158,813

During the year the company entered into the following material transactions with Ke vess S A

	2011	2010
	£	£
Sales	4,415,073	1,148,364
Purchases	43,483	14,336,796

Ke vess S A is a company registered in Switzerland of which Mr S Moussaieff and Mrs A Moussaieff are directors and shareholders

Any balances outstanding with the above at the year end are shown in relevant notes

The directors have provided the company with an unlimited personal guarantee in respect of amounts due to Barclays Bank PLC

At the balance sheet date, the company owed £33,464 (2010 - £32,958) to A Moussaieff No interest is being charged on this amount