

**MOUSSAIEFF JEWELLERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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MOUSSAIEFF JEWELLERS LIMITED

COMPANY INFORMATION

Director	A Moussaieff
Secretary	R Gupta
Company number	00753013
Registered office	P O Box 7010 2nd Floor 38 Warren Street London W1A 2EA
Auditors	Harold Everett Wreford LLP 2nd Floor 38 Warren Street London W1T 6AE
Bankers	Barclays Bank PLC

MOUSSAIEFF JEWELLERS LIMITED

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MOUSSAIEFF JEWELLERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The director presents the strategic report and financial statements for the year ended 31 March 2015.

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 director.

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

Net shareholders' funds £234,176,439 (YE 2014: £211,357,511).

Key performance indicators include:

Turnover £86,295,989 (YE 2014: £106,773,620)

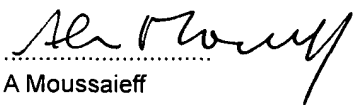
Gross Profit £40,064,159 (YE 2014: £56,522,765)

Profit after taxation £22,818,928 (YE 2014: £36,032,685)

Principal risks and uncertainties

The principal risks and uncertainties faced by the company consist of a number of financial risks that include liquidity risk, credit risk, cash flow risk and foreign exchange risk. The macro risks faced consist of exposure to the UK economic climate and potential regional instability which might impact on the countries of the major customers of the company.

On behalf of the board



A Moussaieff

Director

22 December 2015

MOUSSAIEFF JEWELLERS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The director presents her report and financial statements for the year ended 31 March 2015.

Results and dividends

The results for the year are set out on page 6.

The director does not recommend payment of an ordinary dividend.

Future developments

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

Director

The following director has held office since 1 April 2014:

A Moussaieff

S Moussaieff

(Deceased 29 June 2015)

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.

Financial instruments

The company's principal financial instruments comprise of bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. Due to the nature of the financial instruments of the company 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. Fluctuating diamond prices expose the company to the risk that the actual price paid for a diamond could be more than its current market value. The company's staff use their skill and knowledge in the purchase of high value diamonds to minimise the risk of purchasing stones that do not maintain their value. The company manages its exposure to the UK economic climate by spreading its activity to other jurisdictions.

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.

MOUSSAIEFF JEWELLERS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is 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 director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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 director is aware:

- (a) there is no relevant audit information of which the company's auditors are unaware, and
- (b) she has taken all the steps that she ought to have taken as a director in order to make herself 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

22 December 2015

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 2015 set out on pages 6 to 16. 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 director and auditors

As explained more fully in the Director's Responsibilities Statement set out on pages 2 - 3, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic Report and the Director's 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.

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

22 December 2015

Chartered Accountants
Statutory Auditor

2nd Floor
38 Warren Street
London
W1T 6AE

MOUSSAIEFF JEWELLERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	86,295,989	106,773,620
Cost of sales		(46,231,830)	(50,250,855)
Gross profit		40,064,159	56,522,765
Distribution costs		(1,696,825)	(1,105,420)
Administrative expenses		(8,672,730)	(8,172,489)
Other operating income		60,634	112,107
Operating profit	3	29,755,238	47,356,963
Interest payable and similar charges	4	(840,351)	(532,813)
Profit on ordinary activities before taxation		28,914,887	46,824,150
Tax on profit on ordinary activities	5	(6,095,959)	(10,791,465)
Profit for the year	12	22,818,928	36,032,685

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.

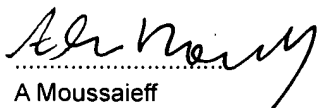
MOUSSAIEFF JEWELLERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	6		1,106,048		1,237,410
Current assets					
Stocks	7	273,625,959		262,772,795	
Debtors	8	11,774,824		4,920,176	
Cash at bank and in hand		787,104		817,748	
		<u>286,187,887</u>		<u>268,510,719</u>	
Creditors: amounts falling due within one year	9	<u>(53,117,496)</u>		<u>(58,390,618)</u>	
Net current assets			<u>233,070,391</u>		<u>210,120,101</u>
Total assets less current liabilities			<u>234,176,439</u>		<u>211,357,511</u>
Capital and reserves					
Called up share capital	11		10,000		10,000
Profit and loss account	12		<u>234,166,439</u>		<u>211,347,511</u>
Shareholders' funds	13		<u>234,176,439</u>		<u>211,357,511</u>

Approved by the Board and authorised for issue on 22 December 2015



A Moussaieff
Director

Company Registration No. 00753013

MOUSSAIEFF JEWELLERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

		2015		2014
	£	£	£	£
Net cash inflow from operating activities		6,740,050		5,659,581
Returns on investments and servicing of finance				
Interest paid	(840,351)		(532,813)	
	<u> </u>		<u> </u>	
Net cash outflow for returns on investments and servicing of finance		(840,351)		(532,813)
Taxation		(6,307,533)		(6,254,752)
Capital expenditure				
Payments to acquire tangible assets	(33,188)		(15,840)	
Receipts from sales of tangible assets	499		-	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(32,689)		(15,840)
		<u> </u>		<u> </u>
Net cash outflow before management of liquid resources and financing		(440,523)		(1,143,824)
Other new short term loans	1,000,000		-	
Repayment of long term bank loan	-		(1,000,000)	
	<u> </u>	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Increase/(decrease) in cash in the year		<u>559,477</u>		<u>(2,143,824)</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

1 Reconciliation of operating profit to net cash outflow from operating activities	2015	2014
	£	£
Operating profit	29,755,238	47,356,963
Depreciation of tangible assets	160,280	178,584
Loss on disposal of tangible assets	3,771	1,605
Increase in stocks	(10,853,164)	(51,004,648)
(Increase)/decrease in debtors	(6,854,648)	3,316,014
(Decrease)/Increase in creditors within one year	(5,471,427)	5,811,063
Net cash inflow from operating activities	6,740,050	5,659,581

2 Analysis of net debt	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	817,748	(30,644)	-	787,104
Bank overdrafts	(12,478,766)	590,121	-	(11,888,645)
	<u>(11,661,018)</u>	<u>559,477</u>	<u>-</u>	<u>(11,101,541)</u>
Bank deposits	-	-	-	-
Debt:				
Debts falling due within one year	(13,000,000)	(1,000,000)	-	(14,000,000)
Net debt	<u>(24,661,018)</u>	<u>(440,523)</u>	<u>-</u>	<u>(25,101,541)</u>

3 Reconciliation of net cash flow to movement in net debt	2015	2014
	£	£
Increase/(decrease) in cash in the year	559,477	(2,143,824)
Cash (inflow)/outflow from (increase)/decrease in debt	(1,000,000)	1,000,000
Movement in net debt in the year	(440,523)	(1,143,824)
Opening net debt	(24,661,018)	(23,517,194)
Closing net debt	<u>(25,101,541)</u>	<u>(24,661,018)</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 2015

2	Turnover	2015	2014
		£	£
	Geographical market		
	United Kingdom	656,456	1,391,116
	Rest of the World	85,639,533	105,382,504
		<u>86,295,989</u>	<u>106,773,620</u>
		<u><u>86,295,989</u></u>	<u><u>106,773,620</u></u>
	<p>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.</p>		
3	Operating profit	2015	2014
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	160,280	178,584
	Loss on disposal of tangible assets	3,771	1,605
	Loss on foreign exchange transactions	1,542,896	-
	Operating lease rentals	1,970,721	1,891,054
	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	-	(723,132)
		<u>-</u>	<u>(723,132)</u>
4	Interest payable	2015	2014
		£	£
	On bank loans and overdrafts	625,390	325,434
	On other loans wholly repayable within five years	-	6,545
	On overdue tax	214,961	200,834
		<u>840,351</u>	<u>532,813</u>
		<u><u>840,351</u></u>	<u><u>532,813</u></u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

5	Taxation	2015	2014
		£	£
	Domestic current year tax		
	U.K. corporation tax	6,095,959	10,791,465
		<u>6,095,959</u>	<u>10,791,465</u>
	Total current tax	<u>6,095,959</u>	<u>10,791,465</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	28,914,887	46,824,150
		<u>28,914,887</u>	<u>46,824,150</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2014 - 23.00%)	6,072,126	10,769,555
		<u>6,072,126</u>	<u>10,769,555</u>
	Effects of:		
	Non deductible expenses	8,083	6,191
	Depreciation add back	33,659	41,074
	Capital allowances	(17,909)	(25,355)
		<u>23,833</u>	<u>21,910</u>
	Current tax charge for the year	<u>6,095,959</u>	<u>10,791,465</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

6 Tangible fixed assets

	Improvements to premises	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2014	2,411,813	1,634,249	57,430	4,103,492
Additions	-	2,426	30,762	33,188
Disposals	-	-	(31,819)	(31,819)
At 31 March 2015	2,411,813	1,636,675	56,373	4,104,861
Depreciation				
At 1 April 2014	1,452,743	1,372,400	40,939	2,866,082
On disposals	-	-	(27,549)	(27,549)
Charge for the year	95,907	55,777	8,596	160,280
At 31 March 2015	1,548,650	1,428,177	21,986	2,998,813
Net book value				
At 31 March 2015	863,163	208,498	34,387	1,106,048
At 31 March 2014	959,070	261,849	16,491	1,237,410

7 Stocks

	2015 £	2014 £
Finished goods and goods for resale	273,625,959	262,772,795

8 Debtors

	2015 £	2014 £
Trade debtors	10,392,611	3,993,978
Other debtors	747,199	348,629
Prepayments and accrued income	635,014	577,569
	11,774,824	4,920,176

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

9 Creditors: amounts falling due within one year	2015	2014
	£	£
Bank loans and overdrafts	25,888,645	25,478,766
Trade creditors	4,404,388	5,607,664
Corporation tax	16,887,424	17,098,998
Other taxes and social security costs	131,843	142,138
Director's current accounts	71,635	44,223
Amounts owed to Keveess S.A.	4,555,941	3,569,709
Accruals and deferred income	1,177,620	6,449,120
	<u>53,117,496</u>	<u>58,390,618</u>
Debt due in one year or less	<u>14,000,000</u>	<u>13,000,000</u>

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

10 Pension and other post-retirement benefit commitments Defined contribution

	2015	2014
	£	£
Contributions payable by the company for the year	<u>23,112</u>	<u>13,112</u>

11 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2014	211,347,511
Profit for the year	<u>22,818,928</u>
Balance at 31 March 2015	<u>234,166,439</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

13 Reconciliation of movements in shareholders' funds	2015	2014
	£	£
Profit for the financial year	22,818,928	36,032,685
Opening shareholders' funds	211,357,511	175,324,826
	<u>234,176,439</u>	<u>211,357,511</u>

14 Contingent liabilities

The company has contingent liabilities in respect of guarantees of £3,000,000 (2014:£3,000,000) given to HM Revenue and Customs.

15 Financial commitments

At 31 March 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2016:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Within one year	103,750	-
Between two and five years	475,000	925,000
In over five years	825,000	825,000
	<u>1,403,750</u>	<u>1,750,000</u>

16 Director's remuneration	2015	2014
	£	£
Remuneration for qualifying services	506,961	504,637
	<u>506,961</u>	<u>504,637</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	266,711	264,387
	<u>266,711</u>	<u>264,387</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

17 Employees

Number of employees

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

	2015 Number	2014 Number
Administration	19	19
Selling	23	22
	<u>42</u>	<u>41</u>

Employment costs

	2015 £	2014 £
Wages and salaries	3,590,763	3,530,267
Social security costs	455,294	454,557
Other pension costs	23,112	13,112
	<u>4,069,169</u>	<u>3,997,936</u>

18 Control

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

19 Related party relationships and transactions

Keveff S.A. is a company registered in Switzerland of which Mrs. A. Moussaieff is a director and shareholder. Mr. S. Moussaieff was also a director and shareholder in this company. During the year, the company made sales amounting to £2,212,500 (YE 2014: £7,320,644) to Keveff S.A. Purchases of £74,719 (YE 2014: £279,459) were also made from this entity during the year.

Moussaieff (Hong Kong) Limited is a company registered in Hong Kong of which Mrs. A. Moussaieff is the sole director and shareholder. During the year, the company made sales amounting to £8,097,419 (YE 2014: NIL) to Moussaieff (Hong Kong) Limited.

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 £71,635 (YE 2014: £44,223) to A. Moussaieff. No interest is being charged on this amount.