

GOLDSMITHS ACQUISITIONS LIMITED
(formerly Godfrey Acquisitions Limited)
REPORT AND ACCOUNTS

29 January 2005

Registered No. 5074721



GOLDSMITHS ACQUISITIONS LIMITED

DIRECTORS' REPORT

Directors:	J S Piasecki (Chairman)	- appointed 12 May 2004
	S C Sargent	- appointed 12 May 2004
	J E West	- appointed 12 May 2004
	A J Broderick	- appointed 12 May 2004
	B Gunnlaugsson (non executive)	- appointed 26 January 2005
	P Haraldsson (non executive)	- appointed 12 May 2004
	G Sigurdsson (non executive)	- appointed 12 May 2004

Secretary: G Oliff

Registered Office: Goldsmiths House, 2 Elland Road, Braunstone, Leicester, LE3 1TT

The directors present their report and the audited financial statements for the period ended 29 January 2005.

PRINCIPAL ACTIVITIES

The company was incorporated on 16 March 2004 and commenced trading on 12 May 2004. The name of the company was changed from HS221 Limited to Godfrey Acquisitions Limited on 30 April 2004 and to Goldsmiths Acquisitions Limited on 20 October 2004.

The company acts as an intermediate holding company for the Goldsmiths Group.

RESULTS AND DIVIDENDS

The profit for the period amounts to £2,221,000 and is dealt with as shown in the profit and loss account.

The directors recommend the payment of a dividend of £2,000,000.

DIRECTORS

The current Directors of the Company who served during the period were those listed above.

Heatons Directors Limited resigned on 12 May 2004. Mr E Johansson was appointed on 12 May 2004 and resigned on 31 October 2004.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, none of the directors had any interest in the share capital of the company during the period.

Mr J S Piasecki, Mr S C Sargent, Mr J E West, and Mr A J Broderick were also directors of Goldsmiths Group Limited as at 29 January 2005 and their interests in the share capital of that company are shown in its accounts.

GOLDSMITHS ACQUISITIONS LIMITED
DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

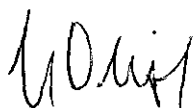
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

AUDITORS

A resolution for the reappointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



G Oliff
Secretary

26 July 2005

GOLDSMITHS ACQUISITIONS LIMITED

INDEPENDENT AUDITORS' REPORT

to the members of Goldsmiths Acquisitions Limited

We have audited the financial statements on pages 5 to 12.

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 AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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, if 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 transactions with the Company is not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards 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.

GOLDSMITHS ACQUISITIONS LIMITED

INDEPENDENT AUDITORS' REPORT

to the members of Goldsmiths Acquisitions Limited

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 29 January 2005 and of the profit of the Company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor, Leicester

27 July 2005

GOLDSMITHS ACQUISITIONS LIMITED**PROFIT AND LOSS ACCOUNT**

for the period ended 29 January 2005

	Note	2005 £000
TURNOVER		-
Cost of sales		-
GROSS PROFIT		-
Administration expenses		-
TRADING PROFIT		-
Group interest receivable		3,371
Dividends receivable		5,400
		8,771
Interest payable	2	(6,550)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,221
Taxation	3	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,221
Proposed final dividend		(2,000)
RETAINED PROFIT FOR THE PERIOD		221

There were no recognised gains or losses other than the profit for the period. All figures relate to continuing activities.

GOLDSMITHS ACQUISITIONS LIMITED**BALANCE SHEET**

at 29 January 2005

	Note	29 Jan 2005 £000
FIXED ASSETS		
Investments	4	46,266
		46,266
CURRENT ASSETS		
Debtors	5	53,009
CURRENT LIABILITIES		
Creditors: amounts falling due within one year	6	(14,783)
NET CURRENT ASSETS		38,226
TOTAL ASSETS LESS CURRENT LIABILITIES		84,492
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	7	(44,791)
NET ASSETS		39,701
CAPITAL AND RESERVES		
Called up share capital	8	39,480
Profit and loss account	9	221
EQUITY SHAREHOLDERS' FUNDS		39,701

Approved by the Board on 26 July 2005.

S C Sargent
Director

GOLDSMITHS ACQUISITIONS LIMITED

NOTES TO THE ACCOUNTS

at 29 January 2005

1. ACCOUNTING POLICIES

Accounting convention

The accounts are produced under the historical cost convention and in accordance with applicable accounting standards.

Group accounts

As permitted by Section 228 of the Companies Act 1985, group accounts have not been prepared as the company is a wholly owned subsidiary of Goldsmiths Group Limited, a company incorporated within the European community.

2. INTEREST PAYABLE

	2005 £000
Amounts payable on bank loans	4,916
Group interest	1,634
	6,550

GOLDSMITHS ACQUISITIONS LIMITED**NOTES TO THE ACCOUNTS**

at 29 January 2005

3. TAXATION

	2005 £000
Total current tax	-
Deferred taxation – reversal of timing differences	-
Tax on profit on ordinary activities	-
Current tax reconciliation	
Profit on ordinary activities before taxation	2,221
Taxation at 30%	666
Group relief	122
UK dividends not taxable	(1,620)
Current year losses carried forward	832
Current tax charge for the year	-

4. FIXED ASSET INVESTMENTS

	2005 £000
Shares at cost	
At 29 January 2005	46,266

In the opinion of the directors the aggregate value of its investment in subsidiary undertakings is not less than the amounts at which they are stated in the accounts.

The principal trading subsidiaries, which are wholly owned and operate in Great Britain are:

	Class of Share	Nature of Business
Ghostsmild Limited	Ordinary	Intermediate holding company
Mildghosts Limited	Ordinary	Intermediate holding company
Goldsmiths Plc (formerly Goldsmiths Limited)	Ordinary	Retail jewellers
Springcolour Limited	Ordinary	Watch wholesalers
Goldsmiths Finance Limited	Ordinary	Finance company

GOLDSMITHS ACQUISITIONS LIMITED**NOTES TO THE ACCOUNTS**

at 29 January 2005

4. FIXED ASSET INVESTMENTS - *continued*

In addition the following subsidiary was incorporated in Guernsey:

	<i>Class of Share</i>	<i>Nature of Business</i>
Goldsmiths Insurance Limited	Ordinary	Captive Insurance Company

5. DEBTORS

	2005 £000
Amounts owed by subsidiary undertakings	53,009
	53,009

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £000
Bank loan (note 7)	4,000
Less: issue costs	(322)
Borrowings	3,678
Accruals and deferred income	660
Amounts owed to subsidiary undertakings	7,118
Amounts owed to parent undertakings	3,327
Other	11,105
	14,783

The bank loan is secured on the assets of the Group by means of a fixed and floating charge. Interest on the bank loan is payable at 2½% above LIBOR.

GOLDSMITHS ACQUISITIONS LIMITED**NOTES TO THE ACCOUNTS**

at 29 January 2005

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £000
Bank loan	
Due within one to two years	6,000
Due within two to five years	8,300
Due after five years	31,964
Less: issue costs	(1,473)
	44,791

The bank loans are secured on the assets of the Group by means of a fixed and floating charge. Interest at 2½% above LIBOR is payable on £14,300,000 of the bank loans.

The maturity of borrowings net of issue costs is set out below:

	2005 £000
Repayable as follows:	
Within one year	3,678
Within one to two years	6,000
Within two to five years	8,300
After five years	30,491
	48,469

GOLDSMITHS ACQUISITIONS LIMITED**NOTES TO THE ACCOUNTS**

at 29 January 2005

8. CALLED UP SHARE CAPITAL

	2005 £000
Authorised 39,490,000 ordinary shares of 1p each	39,490
Issued and fully paid 39,479,720 ordinary shares of £1 each	39,480

9. RESERVES

	Profit and loss account £000
Retained profit for the period	221
At 29 January 2005	221

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £000
Profit after taxation	2,221
Proposed dividend	(2,000)
Net addition to shareholders' funds	221
Opening shareholders' funds	-
Closing shareholders' funds	221

GOLDSMITHS ACQUISITIONS LIMITED

NOTES TO THE ACCOUNTS

at 29 January 2005

11. HOLDING COMPANY AND CONTROLLING PARTY

At the balance sheet date the controlling party and ultimate parent undertaking was Goldsmiths Group Limited. Copies of the accounts of Goldsmiths Group Limited can be obtained from Goldsmiths House, Elland Road, Braunstone, Leicester, LE3 1TT. Those accounts are the only group accounts prepared that include the company.

12. CASH FLOW STATEMENT

As at the year end the company was a wholly-owned subsidiary of Goldsmiths Group Limited which has published a group cash flow statement in accordance with Financial Reporting Standard No. 1 (Revised). Accordingly, a cash flow statement is not presented in these accounts.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of Goldsmiths Group Limited or investees of the group.