dunhill
LONDON

Alfred Dunhill Limited

Registered number: 00191031

Annual report

For the year ended 31 March 2022

Alfred Dunhill Limited

Annual report for the year ended 31 March 2022

Contents

Alfred Dunhill Limited

Strategic report for the year ended 31 March 2022

The Directors present their Strategic report for the year ended 31 March 2022.

Business review and principal activities

Alfred Dunhill Limited ("the Company") is part of Richemont Group, the Swiss luxury goods group.

The Company is responsible for overall maintenance of the Alfred Dunhill brand including the determination of the global marketing brief and the design and strategic selection and sourcing of branded products.

The Statement of Comprehensive Income for the Company shows a loss for the financial year of £22,056,000 (2021: £26,712,000) on revenue of £33,211,000 (2021: £10,998,000). The net liabilities as at 31 March 2022 were £11,668,000 (2021 net assets £10,054,000).

Development and future outlook

Due to its role as Alfred Dunhill headquarters, the results of Alfred Dunhill Limited are dependent upon the success of the Alfred Dunhill brand as a whole.

The strategy of the company is to continue to reinforce the positioning of Dunhill as a leading luxury brand for men. This is achieved through the sale of products across menswear, leather and accessories categories.

During the year the company took responsibility and ownership of centralised stock, and its distribution, from another Richemont Group company. This was to ensure operational efficiency and improve stock management. Direct ownership of stock was the principal reason for the increase in stock value to £13,435,000 (2021: £6,436,000).

The company continues to successfully manage the challenges presented by the global coronavirus pandemic, and will aim to increase sales in the coming years across all of its global markets.

The current conflict between Russia and Ukraine has not affected operations directly. Both countries have had no impact on the Groups sourcing of materials. Locally no sales are permitted to sanctioned Russian individuals which will have an immaterial effect on sales.

The company terminated its fragrance licence, with its licence partner Inter Parfums, in March 2022. The relationship will end in September 2023, upon the expiry of the notice period. Termination will have no material impact on trading.

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationship with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.'

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006 (continued)

As part of their induction, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in an organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company.

The following paragraphs summarise how the Directors' fulfil their duties:

Risk Management
Consideration of risks is an integral part of how Alfred Dunhill Limited operates on a daily basis and is part of any transaction appraisal.

Our people
The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We also ensure we share common values that inform and guide our behaviour with published guidelines, therefore achieving our goals in the right way.

Business Relationships

Our strategy prioritises organic growth, it is driven by ensuring the best services to existing loyal clients and bringing new customers into the business. To do this, we need to develop and maintain strong customer relationships. We value our suppliers and build long term partnerships with our key suppliers and each year bring them together to discuss our relationship, both present and future, with a supplier conference.

Community and Environment
The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. We actively encourage environmental initiatives and measure our impact on the environment.

Shareholders
The Board is openly engaging with our group shareholder, as we recognise the importance of a continuing effective dialogue. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to competition from both national and independent retailers, employee retention, and product availability. However, the Directors of the Richemont Group manage the Group's risk at a brand level rather than at an individual business unit level and further discussion of these risks and uncertainties, in the context of the Richemont Group as a whole, is provided in the Group's annual report which does not form part of this report. Copies of the Group's annual report can be found on the Richemont website (www.richemont.com).

Alfred Dunhill Limited

Strategic report for the year ended 31 March 2022 (continued)

Principal risks and uncertainties (continued)

Brexit has not been considered to have an adverse impact on the long-term going concern of the entity and measures have been introduced to comply with any new customs regulations. The directors continue to monitor regulations as they are introduced.

The financial risk management of the Company is outlined in Note 2 to the financial statements.

Key performance indicators

The Directors of the Richemont Group manage the Group's operations on a divisional basis and monitor the performance of Alfred Dunhill at a consolidated brand level. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Alfred Dunhill Limited.

The development, performance and position of the Alfred Dunhill brand, which includes the Company, is discussed within the Business Review section of the Richemont Group Annual Report and Accounts.

Impact of the Covid-19 outbreak

At the date of these financial statements the Covid-19 pandemic and the related measures taken to control it, including the continued global trading uncertainty are not yet over, especially in the Asia Pacific region. In preparing these financial statements, the short-term impact on items has been fully considered. The valuations of financial assets and liabilities carried at fair value reflect inputs at the balance sheet date. In assessing the carrying value of its other non-current assets, the Company has assumed that, despite an initial short-term impact, long-term market conditions remain unchanged, as the timing of market recovery and the duration of the economic impact remain uncertain.

The Directors do not consider that the on-going global pandemic will impact the going concern of the entity.

The Strategic Report has been approved and is signed on behalf of the board by:

A S Holmes
Director

30th March 2023

Directors' Report for the year ended 31 March 2022

The Directors submit their report and the audited financial statements of Alfred Dunhill Limited ("the Company") for the year ended 31 March 2022.

Directors

The Directors who were in office during the year and up to the date of signing the financial statements were:

A Maag (Resigned 31 December 2021)
L J G Malecaze (Appointed 15 February 2022)
G J Stevenson
A S Holmes

During the year, Third Party Indemnity Provisions were in force for the benefit of the three (2021: three) directors of the Company. At the date of approval of the financial statements qualifying third party indemnity were in force for the benefit of all of the directors of the Company.

Company Secretary

The Company Secretary who was in office during the year and up to the date of signing the financial statements was:

R J Brooks

Directors' interests

During the year, no director had a material interest in any contract that was significant in relation to the Company's business.

Company's registered number

The company's registered number is 00191031.

Going concern

On the basis of the ongoing review of the activities, Compagnie Financière Richemont SA has provided a letter of support, confirming that they will provide ongoing financial support to the Company until at least twelve months from the date of approval of the financial statements, to enable it to continue its operating activities. The Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Dividends

No interim dividend was paid for the year ended 31 March 2022 (2021: £nil). The directors do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: £nil).

Employee information

The Company is an equal opportunity employer and no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, race, colour or creed. Employees are kept as fully informed as possible on the Company's performance and direction and there are established channels for consultation and communication at a corporate and divisional level.

Employment of disabled persons in the United Kingdom

It is the policy of the Company to give full and fair consideration to the employment of disabled persons, in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Special consideration is given to retraining those who become disabled whilst in the Company's employment.

Health and safety

The Company's policy is to ensure that, as far as is reasonably practicable, working environments exist which will minimise risk to the health and safety of employees. Programmes exist to reinforce the Company's risk management procedures and to heighten awareness of environmental issues as well as health and safety matters.

Creditor payment policy

Alfred Dunhill Limited has a policy concerning payment of trade creditors as follows:

- inventory invoices paid between 30 and 60 days of invoice date; and
- non inventory invoices paid between 14 and 30 days of invoice date.

For all trade creditors, it is the company's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of terms of payment; and
- to abide by the terms of payment.

For the year ended 31 March 2022, the average trade creditor days of the company were 22 days (2021:19 days).

Donations

Donations for a variety of charitable purposes made by the Company in the United Kingdom during the year ended 31 March 2022 amounted to £250,450 (2021: £439,318). No contributions for political purposes were made during the current or prior years.

Financial risk management

The financial risk management of the Company is outlined in Note 2 to the financial statements.

Development and future outlook

The development and future outlook is discussed in the Strategic Report.

Post balance sheet events

There were no significant events after the balance sheet date.

Independent Auditors

In the absence of a notice proposing that their appointment be terminated, the auditors, PricewaterhouseCoopers LLP, have been re-appointed for the next financial year.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

(a) so far as the director is aware, 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 a director 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 S Holmes
Director
30th March 2023

Independent auditors' report to the members of Alfred Dunhill Limited

Report on the audit of the financial statements

Opinion

In our opinion, Alfred Dunhill Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Alfred Dunhill Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the members of Alfred Dunhill Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of any known or suspected instances of fraud and non-compliance with laws and regulations
- Identifying and testing unusual journal entries
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Nicola Adlington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 March 2023

Alfred Dunhill Limited

Statement of Financial Position as at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	4	**-**	-
Right-of-use assets	5	**3,946**	4,056
Investments	6	**-**	-
Deferred tax asset	7	**9,240**	5,166
Other fixed assets	8	**1,244**	1,244
		14,430	10,466
Current assets			
Inventories	9	**13,435**	6,436
Trade and other receivables	10	**8,844**	21,153
Prepayments and accrued income	11	**1,354**	1,616
Cash and cash equivalents	12	**3**	6
		23,636	29,211
Total Assets		**38,066**	39,677
Non-current liabilities			
Lease liabilities	5	**(15,420)**	(17,284)
Other provisions	13	**(181)**	(141)
		(15,601)	(17,425)
Current liabilities			
Trade and other payables	14	**(26,931)**	(6,039)
Provisions for liabilities	13	**(550)**	(327)
Lease liabilities	5	**(1,555)**	(2,166)
Accruals		**(5,097)**	(3,666)
		(34,133)	(12,198)
Total Liabilities		**(49,734)**	(29,623)
NET (LIABILITIES)/ ASSETS		**(11,668)**	10,054
Equity			
Called up share capital	15	**698,315**	698,315
Merger reserve		**22,912**	22,912
Share options reserves		**496**	162
Accumulated losses		**(733,391)**	(711,335)
TOTAL EQUITY		**(11,668)**	10,054

The financial statements on pages 10 to 35 were approved by the board of directors on 30th March 2023 and were signed on its behalf by:

A S Holmes
Director

The notes on pages 13 to 35 are an integral part of these financial statements.
Registered number: 00191031

Alfred Dunhill Limited

Statement of Comprehensive Income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	16	**33,211**	10,998
Cost of sales		**(21,564)**	(3,226)
Gross profit		**11,647**	7,772
Distribution costs		**(35,875)**	(26,879)
Administrative expenses		**(14,275)**	(6,420)
Other income	7	**2,589**	-
Operating loss	17	**(35,914)**	(25,527)
Finance income	18	**5,623**	394
Finance costs	18	**(1,289)**	(1,145)
Loss before taxation		**(31,580)**	(26,278)
Tax on loss	7	**9,524**	(434)
Loss for the financial year		**(22,056)**	(26,712)
Total comprehensive loss for the financial year		**(22,056)**	(26,712)

The notes on pages 13 to 35 are an integral part of these financial statements.

Alfred Dunhill Limited
Statement of Changes in Equity for the year ended 31 March 2022

	Note	Called up share capital	Merger reserve	Share options reserve *	Accumulated losses	Total Equity
		£'000	£'000	£'000	£'000	£'000
As at 1 April 2020		**698,315**	**22,912**	**-**	**(684,623)**	**36,604**
Total comprehensive loss for the financial year		-	-	-	(26,712)	(26,712)
Settlement of share options	19	-	-	162	-	162
At 31 March 2021		**698,315**	**22,912**	**162**	**(711,335)**	**10,054**
Total comprehensive loss for the financial year		-	-	-	(22,056)	(22,056)
Settlement of share options	19	-	-	334	-	334
At 31 March 2022		**698,315**	**22,912**	**496**	**(733,391)**	**(11,668)**

*Credits to the share options reserve correspond to the fair value of the employee services received in exchange for share options granted to certain of the Company's employees. The share option reserve is not distributable.

The notes on pages 13 to 35 are an integral part of these financial statements.

1 Summary of significant accounting policies

Basis of preparation

Alfred Dunhill Limited is a private company, limited by shares. The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds except when otherwise indicated.
The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Richemont Group which are available to the public and can be obtained, as set out in Note 26.

The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied for all years presented unless otherwise stated.

The financial statements have been prepared under the historical cost convention and on a going concern basis, which the Directors deem appropriate in light of an intermediate parent indicating its willingness to provide support for the Company to meet its liabilities as they fall due, should this be required. The preparation of financial statements in conformity with United Kingdom Generally Accepted Accounting Practice, including FRS 101, requires the use of certain critical accounting estimates.

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' – comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS16,'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38,'Intangible assets'
- the requirements of the following paragraphs of IAS1,'Presentation of financial statements':
  - 10(d), 16,38A, 38B-D, 111 and 134-136
- the requirements of IAS 7 Statement of Cash Flows
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

1 Summary of significant accounting policies (continued)

Impact of new international reporting standards, amendments and interpretations

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022. There is no material impact from the adoption of these standards or any standards or interpretations coming into effect:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020 (IFRS 9, IFRS 16, IFRS 1)

Consolidated financial statements

The financial statements contain information about Alfred Dunhill Limited as an individual company and do not contain consolidated financial information as the parent of a Group. The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 (for non-EEA parents) from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the publicly available consolidated financial statements of its ultimate parent, Richemont Group, a company incorporated in Switzerland.

Foreign currencies

(a) Functional and presentation currency

The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency and stated to the nearest thousand pounds.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual rate of exchange prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of Comprehensive Income.

Property, plant and equipment

All property, plant and equipment is shown at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to Statement of Comprehensive Income during the financial year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, up to the following limits:

Leasehold land and buildings	50 years
Plant and machinery	3 to 10 years
Fixtures, fittings, tools and equipment	3 to 10 years

Land is not depreciated.

1 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Assets under construction relate to office and boutique fittings under installation, which are depreciated from when installation is completed.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals, calculated as the difference between the net proceeds from disposals and the carrying amounts, are included in Statement of Comprehensive Income.

Intangible Assets

Computer software and related licences

Costs that are directly associated with developing, implementing or improving identifiable software products having an expected benefit beyond one year are recognised as intangible assets and amortised using the straight-line method over their useful lives, not exceeding a period of three years. Licenses are amortised over their contractual lives to a maximum period of five years. Costs associated with evaluating or maintaining computer software are expensed as incurred.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less impairment.

Impairment of assets

All property, plant and equipment, right of use assets, intangible assets, investments and financial assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be fully recoverable.

An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Other fixed assets

The Company holds a collection of historical pieces primarily for presentation purposes to promote the brand and its history. They are not intended for sale.

Museum collection pieces are held as non-current assets at cost less any impairment in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, related production overheads and, where applicable, duties and taxes. It excludes borrowing costs.

1 Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the simplified approach to measuring expected credit losses ('ECL') based on lifetime ECL, as permitted by IFRS 9. A provision for impairment is established when there is evidence, based on historic experience and knowledge of the company's customer base, that the counterparty is credit impaired or the company will not be able to collect all amounts due, according to the original terms of receivables. Impairment losses are recognised in the Statement of Comprehensive Income for the period.

Prepayments

Prepayments are amounts paid for items and services in advance of their due date and/or in advance of being expensed to the Statement of Comprehensive Income.

Accrued Income

Accrued income relates to sales-based royalty income and it is recognised when the subsequent sale occurs. If the royalty is fixed for a period of time, it is recognised on a straight line basis.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

Current and deferred income tax

Taxes on income are provided in the same period as the revenue and expenses to which they relate.

Deferred income tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax losses can be utilised.

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

1 Summary of significant accounting policies (continued)

Employee benefits

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statemen of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Bonus plans

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The Company's ultimate parent company, Compagnie Financière Richemont SA, operates equity-settled share-based compensation plan based on options and restricted shares units (RSU) granted in respect of Richemont "A" shares. The fair value of the employee services received in exchange for the grant of options or restricted shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each reporting date, the Richemont Group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income over the remaining vesting period and a corresponding adjustment to equity.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Restructuring and property-related provisions include lease termination penalties and employee termination payments.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1 Summary of significant accounting policies (continued)

Provisions (continued)

Provisions are measured at the present value at the reporting date of management's best estimate of the expenditure required to settle the obligation. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risk specific to the liability. Any increase in provisions due to the passage of time is recognised as interest expense.

Revenue recognition

Revenue relates to the sale of finished goods, either through internal boutiques, wholesalers or world-wide distribution to group companies. Revenue is recognised when the customer obtains control of the goods. For retail sales control passes when the customer takes physical possession of goods. For wholesale and intercompany sales control passes at point of delivery.

Revenue relating to after-sales services is recognised when the service has been completed. Any commissions receivable on sales procured as agents are recognised as other operating income in the same period that those sales are recognised by the fellow Richemont Group companies.

Revenue is measured at the fair value of the consideration received from the sale of goods, net of value-added tax, duties, other sales taxes, rebates and trade discounts.

Revenue also includes royalty income received from other Richemont Group companies & Third Party. This internal royalty income is recognised on the accrual basis and calculated as a percentage of worldwide sales to external customers. External royalty income is recognised on the accruals basis in accordance with the substance of the relevant agreements.

The Company does not have any contracts where the period between recognition of revenue and payment by the customer exceeds one year. As a consequence, the Company does not adjust the transaction price for the time value of money.

Where there is a practice of agreement to customer returns, or where we are obliged by local legal requirements, accumulated experience is used to estimate and provide for such returns at the time of sale.

The Company provides a standard warranty against manufacturing defects and recognises its obligation for repairs under this warranty as a provision.

Other income

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(b) Income from licensed products and other miscellaneous income

Income is recognised on the accruals basis in accordance with the substance of the relevant agreements.

Notes to the financial statements for the year ended 31 March 2022

1 Summary of significant accounting policies (continued)

Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Grant income has been offset against the relevant expenditure where permitted.

Further information on the grants received during the year is provided in note 20 and 24.

Amendment to IFRS 16, *Covid-19 related rent concessions*

On 1 April 2020, the Company has early adopted the amendments to IFRS16, Covid-19 related rent concessions. As a result, rent concessions agreed with landlords since 1 April 2020 as a direct result of the Covid-19 pandemic have not been treated as a lease modification. This amendment applies to all concessions related to lease payments originally due on or before 30 June 2021, extended to 30 June 2021 by a further amendment. The amount recognised in profit or loss for the year ended 31 March 2022 as a result of this practical expedient is £79,490 (2021: £536,916).

Leases

The Company leases various boutiques, offices, warehouses and manufacturing facilities under non-cancellable lease arrangements.

A right of use asset and corresponding lease liability is recognised with respect to all lease agreements in which the Company is the lessee, except for short-term leases (where the lease term is twelve months or less), leases with variable rentals not based on an observable index and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the incremental borrowing rate, which is based on the rate at which the Company would be able to borrow funds in the same jurisdiction over the same term as the lease agreement. The lease liability is subsequently measured using the effective interest rate method.

Notes to the financial statements for the year ended 31 March 2022

1 Summary of significant accounting policies (continued)

Leases (continued)

The right of use asset is based on the initial measurement of the lease liability, adjusted for any payments made at or before the commencement date and for initial direct costs, including key money. It is subsequently measured at cost less accumulated depreciation and impairment charges. Depreciation is charged on a straight-line basis over the lease term.

The lease term used to determine the lease liability and the useful life of the right of use asset is based on the lease agreement, excluding renewal options unless these options are contractual, the specific terms of the additional rental period are included in the initial lease agreement and the Company has a reasonable expectation of exercising the option. Termination options are ignored unless the Company already has the intention to exercise the option at the commencement date.

The Company has ten lease contracts under non-cancellable lease arrangements from third parties.

2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk.

(a) Market risk

Foreign exchange risk – the Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Swiss franc, US dollar, HK dollar, Chinese yuan and Japanese yen. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. No hedging transactions are undertaken by the Company to mitigate foreign exchange risk.

(b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. (note 10)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate level of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

3 Key sources of accounting estimates and assumptions

The Company is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgements in the process of applying its accounting policies. Estimates and assumptions applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the financial statements.

Critical accounting estimates and judgements :

(a) The carrying values of right of use assets have been assessed £3,946,000 (FY21 : 4,056,000). As explained in note 5, the majority of the right of use assets balance has been impaired; the balance that has not been repaired relates to one site. In management's judgement, no impairment is required in relation to the right of use asset for that site because the rent payable by the company is significantly below the prevailing market rent;

Key sources of non-critical accounting estimates and assumptions:

(b) When assessing the net realisable value of inventory, estimation is required regarding the level of future sales volumes and prices. However, a reasonably probable change in the estimates is not expected to result in a material change to the carrying value of inventory as at the balance sheet date. As per note 9 the carrying value of inventory is £13,435,000 (FY21 : £6,436,000) after a provision of £3,088,000 (FY21 : £1,289,000);

(c) The lease liabilities are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the incremental borrowing rate is used, being the rate that the individual lessee would have to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No extension options have been included in the lease liabilities (note 5);

(d) The deferred tax asset relates to unutilised tax losses that are deemed to be recoverable from other Richemont group entities totals £9,240,000 (2021: £5,166,000). As in prior years the company has recognised deferred tax assets in respect of losses to the extent these are expected to be surrendered to other group entities for FY21 and FY22. The temporary differences which have not been recognised in the financial statements is because their future utilisation is uncertain.

The amounts involved are disclosed elsewhere in the financial statements.

4 Property, plant and equipment

	Leasehold Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost				
At 1 April 2021	232	249	13,196	13,677
Additions	-	-	40	40
Disposals	-	-	(56)	(56)
At 31 March 2022	**232**	**249**	**13,180**	**13,661**
Accumulated impairment				
At 1 April 2021	232	249	13,196	13,677
Impairment	-	-	40	40
Disposals	-	-	(56)	(56)
At 31 March 2022	**232**	**249**	**13,180**	**13,661**
Net book value				
At 31 March 2022	-	-	-	-
At 31 March 2021	-	-	-	-

Following an impairment review of loss making assets, the value of Land and Buildings has been impaired by £nil (2021: £nil), fixtures, fittings, tools and equipment by £40,000 (2021: £11,000) and Assets under construction by £nil (2021: £nil). These are included in Administrative Expenses in Statement of Comprehensive Income.

5 Leases

Alfred Dunhill Limited has lease contracts for various boutiques, offices, warehouses and manufacturing facilities. The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position

The Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	**31 March 2022** £'000	31 March 2021 £'000
Buildings	**3,946**	4,056
	3,946	4,056

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

5 Leases (continued)

Lease liabilities	31 March 2022 £000	31 March 2021 £000
Current	1,555	2,166
Non-current	15,420	17,284
	16,975	19,450

Additions to the right-of-use assets during the 2022 financial year were £27,000 (2021: £18,000).

Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	**Note**	**2022 £'000**	2021 £'000
Buildings	17	(110)	(110)
		(110)	(110)
Impairment charge of right-of-use-assets			
Buildings		(27)	(18)
		(27)	(18)
Other			
Interest expenses (included in finance costs)	18	(545)	(584)
Expenses relating to short-term leases		(297)	(19)
Expenses relating to leases of low-value assets		(24)	(7)
Expenses relating to variable leases payments		(125)	(14)

Future minimum lease payments as at 31 March 2022 are as follows:

	2022 £'000	2021 £'000
Not later than one year	(2,064)	(2,711)
Later than one year and not later than five years	(9,366)	(9,402)
Later than five years	(36,129)	(38,465)
Total gross payments	(47,559)	(50,578)
Impact of finance expenses	(30,584)	(31,128)
Carrying amount of liability	(16,975)	(19,450)

Following an impairment review of loss making stores, the value of the right-of-use assets has been impaired by £27,000 (2021: £18,000). This is included in Administrative Expenses in Statement of Comprehensive Income.

The total cashflow for leases in the year was £3,335,201 (2021: £2,435,371)

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

6 Investments

At 31 March 2022 the Company's immediate subsidiary undertakings were:

Subsidiary undertakings	Country of incorporation and operation	Directly attributable to the Company	Class of shares held
Alfred Dunhill Club Limited	England and Wales	100%	Ordinary shares of £1 each
Alfred Dunhill Manufacturing Limited	England and Wales	100%	Ordinary shares of £1 each

Alfred Dunhill Club Limited is a private members club to whom Compagnie Financière Richemont SA has provided a letter of support. The investment in subsidiaries have been fully impaired by £21,000,000 (2021: £21,000,000).

Alfred Dunhill Manufacturing Limited, a dormant company, is held at £nil carrying value (2021: £nil).

The registered addresses of Alfred Dunhill Club Limited and Alfred Dunhill Manufacturing Limited are Bourdon House, 2 Davies Street, London W1K 3DJ and 15 Hill Street, London W1J 5QT respectively.

7 Tax on loss

	2022	2021
	£'000	£'000
Current tax credit:		
- Adjustment to tax charge in respect of previous periods	1,223	5,591
- Other (FII litigation refund)	4,245	-
- Foreign taxation	(18)	(179)
Total current tax credit	5,450	5,412
Deferred tax credit/(charge)		
- Origination and reversal of timing differences	5,956	(5,846)
- Adjustment in respect of prior periods	(2,963)	-
- Effect of tax rate change on opening balance	1,081	-
	4,074	(5,846)
Total taxation credit/(charge)	9,524	(434)

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

7 Tax on loss (continued)

There is a tax credit of £9,524,000 for the current year (2021: charge of £434,000). The total tax credit/(charge) is reconciled to the loss before taxation at the standard rate of UK corporation tax below:

	2022	2021
	£'000	£'000
Loss before taxation	**(31,580)**	(26,278)
Loss before taxation at statutory rate of taxation in the UK of 19% (2021:19%)	**6,000**	4,993
Fixed assets adjustment	**5**	-
Non-deductible expenses	**(119)**	(51)
Other differences	**-**	(49)
Income not taxable for tax purposes	**492**	-
Group relief surrender	**(7,036)**	-
Deferred tax not recognised	**(21,242)**	(10,739)
Remeasurement of deferred tax for changes in tax rates	**27,714**	-
FII litigation refund	**4,245**	-
Adjustment to tax charge in respect of previous years – deferred tax	**(2,963)**	(5,591)
Adjustment to tax charge in respect of previous periods	**1,223**	5,591
Payment for group relief received	**1,223**	5,591
Foreign tax charges	**(18)**	(179)
Total taxation credit/(charge)	**9,524**	(434)

	Unrecognised Temporary differences		**Deferred Tax Asset Recognised**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Fixed asset temporary differences	**23,214**	23,214	**-**	-
Unutilised tax losses (1)	**401,278**	426,022	**9,240**	5,166
Retirement benefit obligations	**446**	421	**-**	-
	424,938	449,657	**9,240**	5,166

(1) The comparative figure for unrecognised temporary differences has been re-presented from £453,211,000 to £426,022,000 to exclude the 2021 recognised temporary difference of £27,189,000 relating to the deferred tax asset recognised of £5,166,000.

Deferred tax is calculated on temporary differences using a tax rate of 25% (2021:19%). The recognised deferred tax asset relates to unutilised tax losses that are deemed to be recoverable from other Richemont group entities totals £9,240,000 (2021: £5,166,000). The temporary differences which have not been recognised in the financial statements is because their future utilisation is uncertain.

On 8 October 2003 the Company was party to a claim against HMRC on the register of the Franked Investment Income Group Litigation ("the GLO"). On 23 November 2021, the Company received confirmation it had been awarded £10,933,000, consisting of £5,449,000 tax rebate and £5,484,000 interest. £2,589,000 was owed to a fellow subsidiary, Richemont Investments Limited. The intercompany debt was subsequentel waved and £2,589,000 was included in other income. All other group companies waived their claim to these funds.

7 Tax on loss (continued)

Deferred Tax Assets

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

There is a net deferred tax asset at the balance sheet date. Deferred taxes at the balance sheet date have been measured using these enacted tax rates 25% (2021:19%) and reflected in these financial statements. The asset is made up of:

	Tax Losses
	£'000
At 1 April 2020	11,012
Charged to the Statement of Comprehensive Income	(5,846)
At 31 March 2021	**5,166**
At 1 April 2021	5,166
Credited to the Statement of Comprehensive Income	4,074
At 31 March 2022	**9,240**

8 Other fixed assets

	2022	2021
	£'000	£'000
Museum collection	**1,244**	1,244

9 Inventories

	2022	2021
	£'000	£'000
Raw materials and work in progress	**2,226**	2,219
Finished goods	**11,209**	4,217
	13,435	6,436

The cost of inventories recognised as an expense and included in the cost of sales amounted to £19,059,000 (2021: £2,123,000).

Inventories include provisions for impairment of £3,088,000 (2021: £1,289,000).

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

10 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**2,906**	6
Less: provision for impairment	**(1,664)**	-
Trade receivables – net	**1,242**	6
Amount owed by group undertakings	**6,583**	20,730
Other receivables	**1,019**	417
	8,844	21,153

Trade and other receivables and amounts owed by group undertakings are based on expected cash flows which are not discounted as they are expected to occur within the next 12 months.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The movement in the provision for impairment of trade and other receivables was was £1,042,000 (2021: £161,000)

In the prior year the receivable and its impairment was included in prepayments and accrued income.

The ageing analysis of trade receivables past due is as follows:

	2022 £'000	2021 £'000
Up to three months past due	**992**	-
Three to six months past due	**3**	1
Over six months past due	**247**	5
	1,242	6

Due to their short maturity, the fair values of trade and other receivables approximate to their book value.

11 Prepayments and accrued income

	2022 £'000	2021 £'000
Prepayments	**622**	1,012
Accrued Income	**732**	604
	1,354	1,616

12 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	**3**	6
	3	6

Cash and cash equivalent include cash in hand and deposits held at banks, less bank overdrafts, which are classified as current liabilities and are stated at fair value. There are no other borrowings.

The Company is a member of the UK Physical Cash Pool, where its GBP account is swept to nil each evening, regardless as to whether the balance is positive or negative. All cash is held with the Cash Pool Leader, Richemont Holdings (UK) Limited, and the Company always has access to funding to meet its obligations as they fall due.

13 Provisions for liabilities and other provisions

	Warranty and sales related s £'000	Employee benefits provision £'000	Other provisions £'000	Total £'000
At 1 April 2021	110	237	121	468
Charged to Statement of Comprehensive Income:				
- additional provisions	95	394	-	489
Utilised during the year	-	(226)	-	(226)
At 31 March 2022	**205**	**405**	**121**	**731**

	2022 £'000	2021 £'000
Total provisions at 31 March:		
- non-current	**181**	141
- current	**550**	327
	731	468

Warranty and sales related provisions

The Company has established provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of £205,000 (2021: £110,000) has been recognised. It is anticipated that the provisions will be utilised within 24 months.

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

13 Provisions for liabilities and other provisions (continued)

Employee benefits provision
These include obligations arising under Compagnie Financière Richemont SA's long-term retention plan and social costs on the Compagnie Financière Richemont SA share option plan. It is anticipated that the provisions will be utilised within three years.

Other provisions
These provisions relate to legal and constructive obligations. It is not expected that the outcomes of legal claims will give rise to any significant losses beyond the amounts provided as at 31 March 2022. It is anticated that the provisions will be utilised within 12 months.

14 Trade and other payables

	2022	2021
	£'000	£'000
Trade payables	**1,461**	728
Amounts owed to group undertakings	**25,021**	5,102
Other payables	**449**	209
	26,931	6,039

Due to their short maturity, the fair values of trade and other payables is assumed to be approximate to their book values. All trade and other payables are due within one year.

15 Called up share capital

	Number of shares	**Value £**
Authorised, issued and fully paid:		
Ordinary shares of £1 each at 1 April 2021	698,315,416	698,315,416
Ordinary shares of £1 each at 31 March 2022	**698,315,416**	**698,315,416**

16 Revenue

Revenue by geographical areas:

	2022	2021
	£'000	£'000
UK	**5,387**	2,070
Europe and Middle East	**8.611**	8,020
Asia	**17,657**	36
Americas	**1,556**	872
	33,211	10,998

Alfred Dunhill Limited

Notes to the financial statements for the year ended 31 March 2022

16 Revenue (continued)

Revenue by nature:

	2022 £'000	2021 £'000
Sales of Finished Goods	**28,186**	2,666
Royalty income	**5,025**	8,332
	33,211	10,998

17 Operating loss

Operating loss is stated after the following items of expense/(income):

	2022 £'000	2021 £'000
Depreciation on right of use assets (Note 5)	**110**	110
Impairment of right of use assets (Note 5)	**27**	18
Employee benefits expense (Note 20)	**19,390**	15,594
Repairs and maintenance expenditure on property, plant and equipment	**566**	451
Inventory expensed and other movements in margin	**19,765**	3,628
Inventory – net movement in provision	**1,799**	(402)
Other income (waiver of intercompany balance - Note 7)	**(2,589)**	-
Fees		
- audit services	**131**	149
- other assurance services - turnover certificates	**1**	3
- tax compliance	**5**	8
	137	160

18 Finance income and finance costs

	2022 £'000	2021 £'000
Finance income:		
Foreign exchange gains	**1,524**	394
Interest – tax refund	**4,099**	-
Total finance income	**5,623**	394
Finance costs:		
- lease liabilities	**(545)**	(584)
Foreign exchange losses	**(744)**	(561)
Total finance costs	**(1,289)**	(1,145)
Total net finance income/(costs)	**4,334**	(751)

19 Share-based payments

The Richemont Group has a long-term share-based compensation plan whereby executives are awarded options to acquire shares at the market price on the date of grant. Awards under the share option plan generally vest over periods of four to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. The options granted as from 2008 onwards include a performance condition correlated to other luxury goods companies upon which vesting is conditional.

A reconciliation of the movement in the number of awards granted to Alfred Dunhill Limited executives is as follows:

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2020	78.22	15,998
Granted	75.84	4,960
Transfer in	92.00	6,000
Exercised	57.45	(3,334)
Balance at 31 March 2021	84.15	23,624
Granted	-	-
Transfer out	83.66	(2,725)
Exercised	57.45	(1,666)
Balance at 31 March 2022	86.53	19,233

During the year no share options were awarded (2021: 4,960). Options in respect of 6,167 shares were exercisable at 31 March 2022 (2021: 5,166 shares).

The following information applies to options outstanding at the end of each year:

	Exercise Price	Number of options	Weighted average remaining contractual life
31 March 2022	CHF 90.11	3,500	0.2 years
	CHF 92.00	8,000	5.2 years
	CHF 82.86	3,765	6.3 years
	CHF 75.84	3,968	7.7 years
31 March 2021	CHF 57.45	1,666	0.2 years
	CHF 90.11	3,500	1.2 years
	CHF 92.00	9,000	6.2 years
	CHF 82.86	4,498	7.2 years
	CHF 75.84	4,960	8.7 years

19 Share-based payments (continued)

Restricted share units

A further share-based compensation plan is in place whereby executives are awarded Restricted Share Units ('RSU'). Awards under this plan also vest over periods of three to six years from the date of grant. On vesting, the executive will receive a share in the Company. Executives are not entitled to dividends during the vesting period.

A reconciliation of the movement in the number of restricted and performance share awards granted to executives is as follows:

	Number of shares
Balance at 1 April 2020	3,499
Granted	5,437
Transfer in	2,880
Balance at 31 March 2021	11,816
Granted	6,076
Transfer out	(1,302)
Balance at 31 March 2022	**16,590**

The amounts recognised in the Statement of Comprehensive Income (before social security and taxes) for all equity-settled share-based payment transactions can be summarised as follows:

	2022 **£'000**	2021 £'000
Share option expense	**334**	162

20 Employee benefits expense

	2022 **£'000**	2021 £'000
Wages and salaries (including termination benefits)	**15,882**	13,483
Government grants – furlough pandemic payments (Note 24)	**(19)**	(735)
Social security costs	**2,423**	1,906
Share option expense (Note 19)	**334**	162
Long-term employee benefits	**139**	78
Pension costs – defined contribution plan	**631**	700
	19,390	15,594

In the year the Company utilised the Coronavirus Job Retention Scheme implemented by the government of the United Kingdom, where those employees designated as being 'furloughed workers' are eligible to have 80% of their wage costs paid up to a maximum amount of £2,500 per month. The total amount of such relief received was £18,725 (2021: £735,016).

Notes to the financial statements for the year ended 31 March 2022

20 Employee benefits expense (continued)

The monthly average number of employees (full time equivalents) during the year was as follows:

	2022 Number	2021 Number
Selling and distribution	**143**	162
Administration	**34**	35
	177	197
Directors	**3**	3
Full-time employees	**163**	180
Part-time employees	**11**	14
	177	197

21 Directors' emoluments

The total level of compensation paid to directors of Alfred Dunhill Limited including pension contributions, benefits in kind and all other aspects of remuneration amounted to:

	2022 £'000	2021 £'000
Wages and salaries	**5,339**	1,891
Pension cost	**19**	32
	5,358	1,923

The above figure includes all payments made during the year to executive directors who left the company during the period or in the previous period.

Given the nature in which services are rendered to the various entities in the Richemont Group a director is remunerated by Richemont International Limited and reasonable allocation can not be made.

The highest paid Director received aggregate emoluments of £4,870,835 (2021: £1,473,314). Included in the total amount is £3,792,180 paid to one director for compensation on loss of office.
The value of the company's contribution paid to a defined contribution pension scheme for the year to 31 March 2022 were £19,434 (2021: £32,186).

Retirement benefits have accrued to one director at 31 March 2022 (2021: one) under a defined benefit scheme.

The Directors have interests in the share options of the Company's ultimate parent, Compagnie Financière Richemont SA. During the year one of the directors exercised share options over 'A' equity units of Compagnie Financière Richemont SA.

The key management of the Company comprises the Alfred Dunhill Limited board directors only.

22 Pensions and similar obligations

Defined contribution plan

Pension costs incurred by the company for defined contribution schemes are £631,068 (2021: £700,419).

23 Financial commitments and contingent liabilities

	2022 £'000	2021 £'000
Bank guarantees	**802**	808

The Company has granted indemnities to bank in respect of the operation of a deferment guarantee arrangement with HM Revenue & Customs of £720,000 as at 31 March 2022 (2021: £720,000) and commercial carnets of £82,000 (2021: £88,000).

24 Government grants

Government grants of £19,200 (2021: £55,546) relating to retail stores closures resulting from Covid-19 are included in other operating income. There are no unfulfilled conditions or other contingencies attached to these grants.

During the year the Company utilised Coronavirus Job Retention Scheme implemented by the government of the United Kingdom, where those employees designated as being 'furloughed workers' are eligible to have 80% of their wage costs paid up to a maximum amount of £2,500 per month. The total amount of such relief received was £18,725 (2021: £735,016). There are no unfulfilled conditions or other contingencies attaching to these grants.

25 Related party transactions

The Directors consider that there are no key managers, whose roles and activities within the Company define them as related parties in accordance with IAS 24, outside the Board of Directors. The remuneration of the Directors is disclosed in Note 21 to the financial statements. This does not include share-based payments, details of which are disclosed in Note 19. Related party balances with related group undertakings are disclosed in Notes 10 and 14 to the financial statements.

The Company also undertook the following related party transactions during the year:

- The Company was charged £76,000 (2021: £72,000) of costs from Laureus World Sports Awards in relation to the Alfred Dunhill Links event. The Laureus World Sports Awards is a joint venture between Daimler AG and Richemont SA. At 31 March 2022, a balance of £nil (2021: £nil) was due from Laureus World Sports Awards.

- The Company was charged £97,000 (2021: £110,000) of costs from Ventek International SA for the provision of an IT maintenance contract. Ventek International SA is a company under common control within the Richemont group. At 31 March 2022, a balance of £97,000 (2021: £nil) was due from Ventek International SA.

- The Company charged £84,000 (2021: £143,000) of costs to Kering Eyewear S.p.a in relation to an Advertising campaign for eyewear and £154,000 (2021: £nil) in relation to royalties. The company was charged £37,000 (2021: £nil) of costs from Kering Eyewear S.p.a in relation to purchase of finished goods.

25 Related party transactions (continued)

- The company received income from sale of goods to the Directors of £4,000 (2021: £nil).

26 Country of incorporation and registered address

The Company is registered and domiciled in England and Wales and is incorporated in the United Kingdom.

The Company's registered office is 15 Hill Street, London W1J 5QT.

The Company is a wholly owned subsidiary of Richemont Holdings (UK) Limited (registered in England and Wales).

The Directors regard Compagnie Financière Richemont SA, a listed company incorporated in Switzerland, to be the ultimate parent company. Shares representing 51% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purposes of IAS 24, is regarded by the Directors as the controlling party.

Compagnie Financière SA is the largest and smallest group of related undertakings for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of Compagnie Financière Richemont SA are available from its registered office at 50 Chemin da la Chenaie, 1293 Bellevue, Geneva, Switzerland.

27 Post balance sheet event

There were no significant events after the balance sheet date.