Montblanc (UK) Limited
(Registered Number: 03482431)

Annual Report
For the year ended 31 March 2017

Montblanc (UK) Limited

Annual report for the year ended 31 March 2017

Montblanc (UK) Limited

Directors and Advisors

Directors

K. Boltman	(Managing Director)
R. Brooks	(Secretary)
G. Catto	
O. Laurian	

Registered Office

15 Hill Street
London
W1J 5QT

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Montblanc (UK) Limited

Strategic Report

The Directors present their Strategic Report for the year ended 31 March 2017

Principal activities

Montblanc (UK) Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006.

The principal activities of the Company were the marketing and sale of luxury consumer products in the United Kingdom, including pens, accessories for men and women, watches, jewellery, leather goods and associated products.

Review of business and future developments

During the year, the company made a profit for the financial year of £1,854,000 (2016: £96,000). The Statement of Comprehensive Income is on page 7.

On 31 March 2017 the trade and net assets of the Company were transferred to Richemont UK Limited, a fellow group company. Following the transfer the Company no longer trades. It is not expected that the Company will begin to trade again in the foreseeable future and it will become a dormant company.

Total equity as at 31 March 2017 was £7,239,000 (2016: £4,059,000).

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 on the Richemont website (www.richemont.com).

Key performance indicators

The directors of the Richemont group manage the Richemont group's operations on a divisional basis and monitor the performance of the Company 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 nor appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Montblanc brand, which includes the Company, is discussed on the Richemont website (www.richemont.com).

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

R. Brooks

R. Brooks
Secretary

22 August 2017

Montblanc (UK) Limited

Directors' Report for the year ended 31 March 2017

The Directors submit their annual report and the audited financial statements of Montblanc (UK) Limited ("the "Company") for the year ended 31 March 2017.

Directors and their interests

The Directors of the Company during the year and up to the date of signing the financial statements were:

K. Boltman	(Managing Director)
R. Brooks	(Secretary)
G. Catto	(Director)
O. Laurian	(Director)

During the year, no Director (2016: none) had a material interest in any contract that was significant in relation to the Company's business.

Results

During the year, the Company made a profit before taxation for the financial year of £2,424,000 (2016: £489,000). The statement of comprehensive income is set out on page 7.

Future developments

On 31 March 2017 the trade and net assets of the Company were transferred to Richemont UK Limited, a fellow group company. Following the transfer the Company no longer trades. It is not expected that the Company will begin to trade again in the foreseeable future and it will become a dormant company.

Dividends

No dividend has been paid or declared in respect of the year (2016: £nil).

Financial risk management

For the Company's financial risk management policy please refer to note 3 to these financial statements.

Contributions

Contributions made by the Company during the year for charitable purposes amounted to £nil (2016: £nil). No contributions for political purposes were made during the year (2016: £nil).

Directors' indemnities

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Group purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its Directors.

Montblanc (UK) Limited

Directors' Report for the year ended 31 March 2017 (continued)

Statement of Directors' responsibilities

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 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.

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.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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.

Independent auditors

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

By Order of the Board

R. Brooks
R. Brooks
Secretary
22 August 2017

Independent auditors' report to the members of Montblanc (UK) Limited

Report on the financial statements

Our opinion

In our opinion, Montblanc (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Montblanc (UK) Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Jonathan Sturges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 August 2017

Montblanc (UK) Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Revenue		**25,870**	22,146
Cost of sales		**(14,523)**	(12,390)
Gross profit		**11,347**	9,756
Selling and marketing costs		**(8,200)**	(8,541)
Administrative expenses		**(719)**	(705)
Operating profit	4	**2,428**	510
Finance expenses	7	**(4)**	(21)
Profit on ordinary activities before taxation		**2,424**	489
Taxation	8	**(570)**	(393)
Profit for the financial year		**1,854**	96

Other comprehensive (expense)/income:

	2017 £'000	2016 £'000
Defined benefit plan actuarial (loss)/gain	**(6,543)**	309
Tax on defined benefit plan actuarial loss/(gain)	**1,113**	(56)
Other comprehensive (expense)/income net of tax	**(5,430)**	253
Total comprehensive (expense)/income	**(3,576)**	349

The notes on pages 10 to 25 form an integral part of these financial statements.
All operations are continuing.

Montblanc (UK) Limited

Statement of financial position as at 31 March 2017

	Note	2017	2016
ASSETS		**£'000**	£'000
Fixed assets			
Property, plant and equipment	10	-	958
Intangible assets	11	-	2,093
		-	3,051
Other non-current assets		-	690
Current assets			
Deferred tax asset greater than 1 year	8	-	770
Inventories	12	-	3,409
Trade and other receivables	13	**7,239**	1,768
Cash and cash equivalents		-	184
		7,239	6,131
Creditors: amounts falling due within one year			
Trade and other payables	14	-	(4,431)
Corporation Tax liability		-	(257)
		-	(4,688)
Net current assets		**7,239**	1,443
Total assets less current liabilities		**7,239**	5,184
Creditors – amounts falling due after more than one year			
Provisions for liabilities	15	-	(68)
Retirement benefit liability	16	-	(1,057)
		-	(1,125)
Net assets		**7,239**	4,059
Capital and reserves			
Called up share capital	17	**6,756**	-
Retained earnings		**483**	4,059
Total equity		**7,239**	4,059

The financial statements on pages 7 to 25 were approved by the Board of Directors on 22 August 2017 and were signed on its behalf by:

Greig Catto
Director

Montblanc (UK) Limited

Statement of changes in equity for the year ended 31 March 2017

	Note	Called up share capital	Retained earnings	Total Equity
		£'000	£'000	£'000
At 1 April 2015		**-**	**3,710**	**3,710**
Profit for the financial year		-	96	96
Defined benefit plan actuarial gain		-	309	309
Tax on defined benefit plan actuarial gain		-	(56)	(56)
At 31 March 2016		**-**	**4,059**	**4,059**
Increase in share capital	17	6,756	-	6,756
Profit for the financial year		-	1,854	1,854
Defined benefit plan actuarial loss		-	(6,543)	(6,543)
Tax on defined benefit plan actuarial loss		-	1,113	1,113
At 31 March 2017		**6,756**	**483**	**7,239**

The notes on pages 10 to 25 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2017

1 Basis of preparation

(a) General information and basis of preparation

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.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the Group financial statements of Compagnie Financière Richemont SA. The Group financial statements of Compagnie Financière Richemont SA are available to the public and can be obtained as set out in note 21.

The policies set out below have been consistently applied to the years presented unless otherwise stated.

These 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 immediate 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. The areas involving a higher degree of judgement and significant estimates are disclosed below.

(b) Foreign currency translation

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1 Basis of preparation (continued)

(c) Intangible assets

Software
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 five years. Costs associated with evaluating or maintaining computer software are expensed as incurred.

Leasehold rights and incentives
Premiums paid to parties other than the lessor at the inception of operating leases for leasehold buildings are capitalised and amortised over the lesser of 20 years or the remaining period of the lease.

(d) Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent 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 repair and maintenance costs are charged to the statement of comprehensive income during the financial period 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 estimated residual value over its estimated useful life, up to the limits, as follows:

- Boutique fittings	20% per annum
- IT hardware	33% per annum
- Office furniture	20% per annum
- Point of sale fixtures	33% per annum

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income for the period.

(e) Impairment of assets

All plant, property and equipment, intangible assets 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 for the amount by which the 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.

1 Basis of preparation (continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average cost, or on an individual cost basis. Net realisable value is the price at which inventories can be realised in the normal course of business, after allowing for the estimated cost of realisation. Where necessary, provision is made for obsolete, slow moving and defective inventories.

(g) 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. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is set by the Directors with reference to all the available information and including an assessment of the extent to which the debt may be recovered and the likelihood of such a recovery being made. The provision is recognised in the statement of comprehensive income for the period.

(h) Cash and cash equivalents

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

(i) Taxation

Provision is made in each financial year for all taxation expected to be payable in respect of profits earned during the year.

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, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position 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 can be utilised.

1 Basis of preparation (continued)

(j) Employee benefits

Retirement benefit obligations
The Company is a participating employer in the Richemont UK Pension Plan (the "Plan"), which provides defined benefits. The Plan's funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the Plan in accordance with a Schedule of Contributions agreed between the trustees and the Principal Employer of the Plan, Richemont Holdings (UK) Limited.

The total pension cost for the year, calculated in accordance with IAS19 (Employee Benefits), is split between the UK entities that participate in the Plan taking into account the attributes of each entity's employees in the Plan. The Company's assets and obligations relating to the Plan are calculated in accordance with its share of the obligations in the Plan at 31 March 2013 (the most recent valuation of the Plan) on the IAS19 assumptions at that date. Actuarial gains and losses are recognised immediately through Other Comprehensive Income.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is probable.

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.

(k) Provisions

Provisions for restructuring costs, legal claims and other liabilities are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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.

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 increases specific to the liability.

(l) Revenue recognition

Goods and services
Sales revenue comprises the fair value of the sale of goods and services, net of value-added tax, duties, other sales taxes, rebates and trade discounts. Revenue is recognised when the significant risks and rewards of ownership of the goods and services are transferred to the buyer.

1 Basis of preparation (continued)

(m) Interest income

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

(n) Leases

Payments made under operating leases (net of any incentives received) are charged to the statement of comprehensive income on a straight-line basis over the lease term.

(o) Share-based payments

The executives of the Company participate in a Group equity-settled share-based compensation plan operated by the ultimate parent company, Compagnie Financière Richemont SA. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Share-based payments are recognised in the statement of comprehensive income as an expense, spread over the expected vesting period using a fair value model.

(p) Trade payables

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

(q) Deferred income

Deferred income is the long term portion of lease incentives which are released to the income statement on a straight line basis until the lesser of the next rent review or expiration of the lease.

(r) Share Capital

Ordinary shares are classified as Equity.

(s) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 Critical accounting estimates and judgements

The Company is required to make estimates and assumptions that affect certain statement of financial position and statement of comprehensive income items and certain disclosures regarding contingencies. Estimates and judgements 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. Principal matters where assumptions, judgement and estimates have a significant role relate in particular to:

- the determination of carrying values for property, plant and equipment and inventories;
- the assessment and recording of liabilities in respect of retirement benefit obligations; and
- the recognition of provision for income taxes, including deferred taxation, taking into account the related uncertainties in the normal course of business.

3 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 and Swiss Franc. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company's exposure is limited and therefore there is no formal hedging policy.

(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. Credit risk arising from cash and deposits with credit institutions is managed by the Richemont Group.

(c) Liquidity risk
The Company maintains cash balances that are designated to ensure the Company has sufficient funds available for operations and planned expansions.

(d) Price risk
The Company is not exposed, materially, to commodity price risk as generally purchases are intragroup. Any exposure to commodity price risk is therefore managed by the Richemont Group.

(e) Interest rate cash flow risk
As the Company has no significant interest bearing assets, with the exception of cash, the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arising from cash with credit institutions is managed by the Richemont Group.

Notes to the financial statements for the year ended 31 March 2017 (continued)

4 Operating Profit

	2017 £'000	2016 £'000
Operating profit is stated after charging/(crediting):		
Net movement in stock provisions	**20**	(6)
Operating lease rentals - property	**2,568**	2,169
Operating lease rentals - other	**5**	60
Employee benefit expenses	**2,171**	2,934
Depreciation of property, plant and equipment	**374**	352
Amortisation of leasehold rights	**147**	147
Auditors' remuneration	**30**	30
Auditors' remuneration – other assurance services	**7**	7
Repairs and maintenance expenditure on property, plant and equipment	**47**	103
Inventory expensed	**14,523**	12,390
Trade receivables – net movement in provisions	**(19)**	17

99% of sales are in the country of incorporation.

5 Employee benefits and other information

a) The monthly average number of persons employed by the Company during the year is analysed below:

	2017 Number	2016 Number
Selling	**58**	54

(b) Employment costs of all employees included above were:

	2017 £'000	2016 £'000
Gross wages, salaries and commissions	**2,341**	2,169
Long Term Retention Plan	**14**	12
Social security costs	**286**	315
Pension costs charged – defined contribution plan (note 16)	**50**	54
Pension costs charged – defined benefit plan (note 16)	**(577)**	329
Other employee benefits	**57**	55
	2,171	2,934

6 Directors' emoluments

Emoluments of Directors of the company were:

	2017 £'000	2016 £'000
Aggregate emoluments	**134**	152
Defined benefit contribution	**29**	49

The highest paid Director is the only Director paid by the Company.

Montblanc (UK) Limited

Retirement benefits are accruing under a defined benefit scheme for one Director (2016: one)

Notes to the financial statements for the year ended 31 March 2017 (continued)

7 **Finance expenses**	**2017**	2016
	£'000	£'000
Bank overdraft interest	**4**	21

8 Taxation on profit on ordinary activities

Analysis of charge in the year	**2017**	2016
	£'000	£'000
Current tax expense		
- UK corporation tax and income tax of overseas operations on losses for the year	**181**	255
- Adjustments in respect of prior year	**(6)**	2
Total current tax charge	**175**	257
Deferred tax		
- Origination and reversal of temporary differences	**370**	(1)
- Adjustments in respect of prior years	**(19)**	45
- Effect of decreased tax rate on opening balance	**44**	92
Total deferred tax charge	**395**	136
Total tax charge	**570**	393

There is a tax charge of £570,000 for the current year (2016: £393,000).

The UK corporation tax charge represents the consideration paid to other group entities for losses claimed as group relief.

Notes to the financial statements for the year ended 31 March 2017 (continued)

8 Taxation on profit on ordinary activities (continued)

The total tax charge is reconciled to the profit on ordinary activities before taxation at the standard rate of UK corporation tax below:

	2017	2016
	£'000	£'000
Profit on ordinary activities before taxation	**2,424**	489
United Kingdom corporation tax on profit for the financial year at 20% (2016: 20%)	**485**	98
Effects of:		
Expenses not deductible for tax purposes	**132**	161
Non taxable income	**-**	(5)
Group relief claimed	**(182)**	(255)
Consideration paid for losses claimed as group relief	**182**	255
Adjustment to tax charge in respect of previous periods	**(6)**	47
Adjustment to deferred tax in respect of previous periods	**(19)**	-
Effect of changing rates and difference between statutory rate and rate at which DTI is recorded	**(22)**	92
Total tax charge	**570**	393

The deferred tax asset was transferred to Richemont UK Limited at the balance sheet date. The total recognised deferred tax asset is £nil (2016: £770,000). The asset is made up of:

Recognised	**2017**	2016
	£'000	£'000
Fixed asset temporary differences	**603**	568
Other temporary differences	**884**	202
Transferred to Richemont UK Limited	**(1,487)**	-
Recognised deferred tax asset	**-**	770

9 Dividends

No dividend has been paid or declared in respect of the year (2016: £nil).

Montblanc (UK) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

10 Property, plant and equipment

	Boutique fittings	IT hardware	Point of sale fixtures	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2016	2,205	42	775	3,022
Additions	989	8	127	1,124
Disposals	(279)	(17)	-	(296)
Transferred to Richemont UK Limited	(2,915)	(33)	(902)	(3,850)
At 31 March 2017	-	-	-	-
Accumulated depreciation				
At 1 April 2016	1,540	25	499	2,064
Charge for the year	180	8	186	374
Disposals	(268)	(15)	-	(283)
Transferred to Richemont UK Limited	(1,452)	(18)	(685)	(2,155)
At 31 March 2017	-	-	-	-
Net book value				
At 31 March 2017	-	-	-	-
At 31 March 2016	665	17	276	958

Depreciation has been charged to both selling and marketing costs and administrative expenses in the statement of comprehensive income.

11 Intangible assets

	Leasehold rights £'000
Cost	
At 1 April 2016	2,350
Transferred to Richemont UK Limited	(2,350)
At 31 March 2017	-
Accumulated amortisation	
At 1 April 2016	257
Charge for the year	147
Transferred to Richemont UK Limited	(404)
At 31 March 2017	-
Net book value	
At 31 March 2017	-
At 31 March 2016	2,093

All intangible assets were externally acquired.

12 Inventories

	2017 £'000	2016 £'000
Goods for resale	-	3,407
Spare parts	-	2
	-	3,409

13 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	-	1,470
Amounts owed by Group companies:		
- Fellow Group subsidiaries	**7,239**	1
Credit card receivables	-	195
Staff travel loans	-	10
Other current debtors	-	16
Prepayments	-	76
	7,239	1,768

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

Ageing of trade receivables:-

	2017 £'000	2016 £'000
Not overdue	-	1,141
Past due less than three months	-	174
Past due more than three months less than six months	-	124
Past due more than 6 months	-	50
	-	1,489

	2017 £'000	2016 £'000
At 1 April	**(19)**	(2)
Provision for receivables impairment	-	(35)
Receivables written off during the year as irrecoverable	-	11
Unused amount reversed	**19**	7
At 31 March	-	(19)

14 Creditors

	2017 £'000	2016 £'000
Creditors: amounts falling due within one year		
Bank loans and overdrafts repayable in one year	-	985
Trade payables	-	734
Amounts owed to fellow Group subsidiaries	-	2,259
Other taxes and social security	-	236
Accruals	-	202
	-	4,416
Non-current:		
Accruals	-	15

The Directors consider that the carrying amount of trade and other payables approximates to their fair values. No security has been given by the Company in respect of the creditors detailed above.

15 Provisions for liabilities

	Warranty £'000	Sales return £'000	Employee benefits £'000	Total £'000
At 1 April 2015	21	85	19	125
Provided during the year	-	4	4	8
Utilised during the year	(18)	(36)	(11)	(65)
At 31 March 2016	**3**	**53**	**12**	**68**
Provided during the year	7	112	13	132
Utilised during the year	-	(4)	-	(4)
Transferred to Richemont UK Limited	(10)	(161)	(25)	(196)
At 31 March 2017	-	-	-	-

Analysis of total provisions:

	2017 £'000	2016 £'000
Current portion	-	54
Non-current portion	-	14
	-	68

Warranty and sales related provisions

The Company has established provisions for potential sales returns and warranties provided on certain products.

Employee benefits provision

These include obligations arising under the Company's long term incentive plans.

16 Retirement benefit schemes

Defined benefit plan

The Company, along with other Richemont Group entities in the UK, is a participating employer in the Richemont UK Pension Plan. This Plan provides benefits based on final pensionable emoluments and the risks are shared between the participating entities. The assets of the Plan are held in a separate trustee-administered fund.

Over 2016/17 the Group consulted with members regarding their future pension provision, and as a result the plan closed to all future accrual from 31 March 2017. From 31 March 2017 members' benefits are linked to inflation up until their retirement date rather than pensionable salaries. Therefore, the closure of the plan has resulted in a past service credit during the year.

On 1 December 2016 the plan trustee entered into a full "buy-in" with a UK insurance company. Under the terms of the contract, the insurer will meet all benefits due to members of the plan. The premium for this insurance contract was largely met over 2016/17, in part by contributions totalling £225m from the Group.

As a result of the buy-in, the risk to the Company of future contributions falling due has almost entirely been removed. The Company is however liable for additional contributions in respect of any data or benefit errors in the insurance, and the trustee is currently reviewing these items. The expected outcome of this review is an additional premium falling due from the Plan of c.£3.5m (for all UK entities), and this additional liability has been recognised as a past service cost.

The total pension cost for the year that relates to the Plan is calculated in accordance with IAS19 (Employee Benefits). There is a policy to split the total balance sheet liability and pension cost between the UK entities that participate in the Plan.

The pension cost is split by reference to the cost of accruing benefits, allowing for the age, benefit and salary profile of each participating employer's members in the Plan. Hence, the Company's pension cost represents its share of the total cost relating to the Plan.

Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial advisor. The Company's contributions reflect the age, benefit and salary profile of its members in the Plan.

The Company's assets and obligations relating to the Plan are calculated in accordance with its share of the obligations in the Plan as at 31 March 2013 (the most recent valuation of the Plan) on the IAS19 assumptions at that date. The key accounting figures for the Company are as follows:

	2017	2016
	£'000	£'000
Balance sheet liability at 1 April	**(1,057)**	(1,369)
Pension cost	**577**	(329)
Company contribution	**6,980**	332
Amount recognised in Other Comprehensive Income	**(6,543)**	309
Transferred to Richemont UK Limited	**43**	-
Balance sheet liability at 31 March	**-**	(1,057)

Full disclosure of the IAS19 results for the Plan is shown in the financial statements of Richemont Holdings (UK) Limited.

16 Retirement benefit schemes (continued)

Defined contribution plans

Pension costs for defined contribution schemes are as follows:

	2017	2016
	£'000	£'000
Defined contribution schemes	50	54

17 Called up share capital

	2017	2016
	£'000	£'000
Authorised:		
6,756,001 (2016: 10,000) ordinary shares of £1 each	6,756	10
Allotted, called up and fully paid:		
6,756,001 (2016: 1) ordinary shares of £1	6,756	-

The Company has one class of Ordinary shares, which carry no rights to fixed income.

During the year the authorised share capital was increased to 6,756,001 and a further 6,756,000 ordinary shares were allotted, called up and fully paid.

18 Capital commitments

Capital commitments authorised and contracted for at 31 March 2017 amounted to £nil (2016: £nil). Capital commitments authorised but not contracted for at that date amounted to £nil (2016: £nil).

19 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 6 to the financial statements.

Notes to the financial statements for the year ended 31 March 2017 (continued)

20 Business combinations and transfer of trade and assets

There were no business combinations during the year.

As part of a group reorganisation the trade, assets and liabilities of Montblanc (UK) Limited were acquired by Richemont UK Limited at book value on 31 March 2017. The consideration of £7,239,000 was settled by way of an inter-company payable.

	£'000
Property, plant and equipment	1,695
Intangible assets	1,946
Other long term assets	758
Deferred tax	1,487
Inventories	4,099
Trade and other receivables	1,834
Cash at bank and on hand	46
Trade and other payables	(3,546)
Provisions – current portion	(216)
Current tax liabilities	(432)
Bank overdraft	(373)
Provisions – non-current portion	(16)
Post retirement obligations	(43)
Net assets transferred	7,239

21 Ultimate and immediate holding company

The Company is a wholly owned subsidiary of Richemont Holdings (UK) Limited a company 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 50% 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 Financiere Richemont 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 may be obtained from: The Secretary, Compagnie Financière Richemont SA, 50 Chemin de la Chenaie, 1293 Bellevue - Geneva, Switzerland.