

**Montblanc (UK) Limited**  
**(Registered Number: 03482431)**

**Annual Report**  
**For the year ended 31 March 2014**

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# **Montblanc (UK) Limited**

## **Annual report for the year ended 31 March 2014**

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# **Montblanc (UK) Limited**

## **Directors and Advisors**

### **Directors**

K. Boltman	(Managing Director)
R. Brooks	(Secretary)
G. Zimmermann	

### **Registered Office**

1 Towers Place  
Richmond  
Surrey  
TW9 1EG

### **Independent Auditors**

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

# **Montblanc (UK) Limited**

## **Strategic Report for the year ended 31 March 2014**

The Directors present their Strategic report for the year ended 31 March 2014

### **Principal activities**

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

The principal activities of the company continue to be 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**

The company operates 5 of its own boutiques in central London, and concessions in other stores in Birmingham and London. The results for the company show a loss before taxation of £251,000 (2013 loss of £393,000) for the year and revenue of £18,684,000 (2013: £17,008,000). The company had cash and cash equivalents at the year-end of £3,127,000 (2013: £3,138,000). The company has borrowings of £nil (2013: £nil). Montblanc sales were 10% higher than the previous year, as foreign customers returned to London following the Olympics. Trading was also affected by continued uncertainty in the UK economy. It is expected that sales will grow in the coming year, with strong marketing investment in watches and jewellery, and eCommerce activities.

### **Principal risks and uncertainties**

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

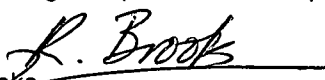
The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers, employee retention, and product availability. However, the directors of the Richemont group (Compagnie Financière Richemont SA) manage the group's risk at a brand level rather than at an individual business unit level.

### **Key performance indicators**

The directors of the Richemont group manage the group's operations on a divisional basis and monitor the performance of Montblanc (UK) Limited 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 Montblanc (UK) Limited.

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

  
R. Brooks  
**Secretary**

29 October 2014

# Montblanc (UK) Limited

## Directors' Report for the year ended 31 March 2014

The directors submit their report and the audited financial statements of Montblanc (UK) Limited ("the company") for the year ended 31 March 2014.

## 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)
G. Zimmermann	(Director – appointed 13.06.2013)
R. Brooks	(Secretary)
K.H. Handke	(Director – resigned 25.04.2013)
S.Tornieporth	(Director – resigned 13.06.2013)

During the year, no director 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 loss after tax of £421,000 (2013: loss after tax of £545,000). The statement of comprehensive income is set out on page 7.

## Dividends

No dividend has been paid or declared in respect of the year (2013: £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 (2013: £nil). No contributions for political purposes were made during the year (2013: £nil).

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). 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.

# Montblanc (UK) Limited

## Directors' Report for the year ended 31 March 2014 continued

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Directors' indemnities

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

### Statement of disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. 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

**Secretary**

29 October 2014

# Montblanc (UK) Limited

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by Montblanc (UK) Limited, comprise:

- the statement of financial position as at 31 March 2014;
- 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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.

# Montblanc (UK) Limited

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

## 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.

### 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 3, 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 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.



Christopher Richmond (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 October 2014



# Montblanc (UK) Limited

## Statement of comprehensive income for the year ended 31 March 2014

		2014	2013
	Note	£'000	£'000
Revenue		18,684	17,008
Cost of sales		(10,543)	(9,536)
<b>Gross profit</b>		<b>8,141</b>	<b>7,424</b>
Selling and marketing costs		(7,983)	(7,677)
Administrative expenses		(653)	(658)
Other operating income	6	244	470
<b>Operating loss</b>	4	<b>(251)</b>	<b>(393)</b>
Finance income/(expense)		-	-
<b>Loss before taxation</b>		<b>(251)</b>	<b>(393)</b>
Taxation	8	(170)	(152)
<b>Loss for the year</b>		<b>(421)</b>	<b>(545)</b>

### Other comprehensive income items that will not be reclassified to profit or loss:

Defined benefit plan actuarial gain/(loss)	12	(206)
Tax on defined benefit plan actuarial gain/(loss)	(2)	47
Other comprehensive gain/(loss) net of tax	10	(159)
<b>Total comprehensive loss net of tax</b>	<b>(411)</b>	<b>(704)</b>

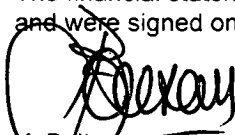
The notes on pages 10 to 26 form an integral part of these financial statements.  
All operations are continuing

# Montblanc (UK) Limited

## Statement of financial position as at 31 March 2014

	Note	2014	2013
		£'000	£'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	10	516	353
Intangible assets	11	-	-
		<u>516</u>	<u>353</u>
<b>Current assets</b>			
Deferred tax asset greater than 1 year	8	682	801
Inventories	12	3,035	2,815
Trade and other receivables	13	1,426	1,747
Cash and cash equivalents	14	3,127	3,138
		<u>8,270</u>	<u>8,501</u>
<b>Creditors - amounts falling due within 1 year</b>			
Trade and other payables	15	(3,388)	(2,783)
Corporation tax liability	8	-	(220)
		<u>(3,388)</u>	<u>(3,003)</u>
<b>Net current assets</b>		<u>4,882</u>	<u>5,498</u>
<b>Total assets less current liabilities</b>		<u>5,398</u>	<u>5,851</u>
<b>Creditors - amounts falling due after more than 1 year</b>			
Deferred income	15	-	(4)
Retirement benefit liability	17	(653)	(699)
Provisions for liabilities	16	(166)	(161)
		<u>(819)</u>	<u>(864)</u>
<b>Net assets</b>		<u>4,579</u>	<u>4,987</u>
<b>Capital and reserves</b>			
Share capital	18	-	-
Share option reserve		3	154
Retained earnings		4,576	4,833
<b>Total equity</b>		<u>4,579</u>	<u>4,987</u>

The financial statements on pages 10 to 26 were approved by the Board of Directors and were signed on its behalf by:



K. Boltman  
Director

Montblanc (UK) Limited  
Registered number 3482431  
29 October 2014

## Montblanc (UK) Limited

### Statement of changes in equity for the year ended 31 March 2014

	Note	Share capital £'000	Share option reserve £'000	Retained earnings £'000	Equity £'000
<b>At 1 April 2012</b>		-	154	5,537	5,691
Defined benefit plan actuarial losses		-	-	(206)	(206)
Tax on defined benefit plan actuarial losses		-	-	47	47
Loss for the year		-	-	(545)	(545)
Value of employee services	16	-	-	-	-
<b>At 31 March 2013</b>		-	154	4,833	4,987
Loss for the year		-	-	(421)	(421)
Defined benefit plan actuarial gain		-	-	12	12
Tax on defined benefit plan actuarial gain		-	-	(2)	(2)
Value of employee services	16	-	(151)	154	3
<b>At 31 March 2014</b>		-	3	4,576	4,579

Since the share capital amounts to £1, it is not shown on the face of the statement as the disclosure is in £ thousands.

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

The notes on pages 10 to 26 form an integral part of these financial statements.

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014

### 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 22.

As a result of FRS 101 being applicable to entities with a year-end from 1 January 2015, the company has made the business decision to adopt the standard early (FRS 101 para.11).

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.

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (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 10 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.

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 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.

#### (j) Employee benefits

##### *Retirement benefit obligations*

The company participates in a defined contribution pension plan which is open to its UK employees. Employer contributions are charged to the statement of comprehensive income in the period in which they fall due.

The company is also a participating employer in the Richemont UK Pension 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 the recommendations of an independent actuarial advisor.

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 1 Basis of preparation (continued)

The total pension cost for the year, calculated in accordance with IAS19 (Employee Benefits), is split between the UK brands that participate in the Plan taking into account the attributes of each brands' 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 as at 31 March 2010 (the most recent valuation of the Plan) on the IAS 19 assumptions at that date. Actuarial gains and losses are recognised immediately through Other Comprehensive Income.

#### *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.

### (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.

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 1 Basis of preparation (continued)

#### (p) Trade payables

Trade payables are initially recognised at fair value.

#### (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 next rent review or expiration of the lease.

### 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 sales deductions, including rebates, returns, discounts and incentives, which are reported as a reduction in sales;
- 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.



# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### (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.

## 4 Operating Loss

	2014 £'000	2013 £'000
Operating loss is stated after charging/(crediting):		
Net movement in stock provisions	(35)	54
Operating lease rentals - property	2,098	1,791
Operating lease rentals - other	76	76
Employee benefit expenses	2,860	2,804
Depreciation of property, plant and equipment	308	403
Amortisation of leasehold rights	-	-
Amortisation of software	-	6
Auditors' remuneration	29	27
Auditors' non-audit fees	4	4
Repairs and maintenance expenditure on property, plant and equipment	61	66
Trade receivables – net movement in provisions	57	(1)

## 5 Employee benefits and other information

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

	2014 Number	2013 Number
Selling	55	55
Administration	8	9
	<u>63</u>	<u>64</u>

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

	2014 £'000	2013 £'000
Gross wages, salaries and commissions	2,209	2,192
Long Term Retention Plan	12	15
Social security costs	292	288
Share-based payment awards (note 16)	3	-
Pension costs charged – defined contribution plan (note 17)	35	39
Pension costs charged – defined benefit plan (note 17)	242	202
Other employee benefits	67	68
	<u>2,860</u>	<u>2,804</u>

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 6 Other operating income

	2014 £'000	2013 £'000
Property rental income	53	217
Head office contribution to advertising costs	191	253
Foreign exchange gains	-	-
	<u>244</u>	<u>470</u>

### 7 Directors' emoluments

Emoluments of directors of the company were:

	2014 £'000	2013 £'000
Aggregate emoluments	136	116
Defined benefit contribution	31	25

The highest paid director is the only director paid by the company.

Retirement benefits accruing under defined benefit schemes amounted to £46,550 (2013: £43,236). Retirement benefits are accruing under a defined benefit scheme for one director (2013: one).

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 8 Taxation

Analysis of charge in the year	2014 £'000	2013 £'000
Current tax expense		
- UK corporation tax and income tax of overseas operations on losses for the year	52	204
- Adjustment in respect of prior year	36	-
<b>Total current tax charge</b>	<b>88</b>	<b>204</b>
Deferred tax		
- Origination and reversal of timing differences	(22)	(81)
- Adjustment in respect of prior years	(1)	-
- Effect of decreased tax rate on opening balance	105	29
<b>Total deferred tax</b>	<b>82</b>	<b>(52)</b>
<b>Total tax charge</b>	<b>170</b>	<b>152</b>

There is a tax charge of £170,000 for the current year (2013: £152,000). The current tax charge is reconciled to the profit before tax at the standard rate of UK corporation tax below:-

	2014 £'000	2013 £'000
<b>Loss before taxation</b>	<b>(251)</b>	<b>(393)</b>
United Kingdom corporation tax on profit for the year at 23% (2013: 24%)	(57)	(94)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	87	220
Tax relief on award of shares	-	(5)
Group relief claimed	(52)	(204)
Consideration payable for losses surrendered as group relief	52	204
Adjustment in respect of prior years	35	-
Effect of changing tax rates	105	31
<b>Total tax expense</b>	<b>170</b>	<b>152</b>

## Montblanc (UK) Limited

### Notes to the financial statements for the year ended 31 March 2014 (continued)

There is a net deferred tax asset at the balance sheet date. This has been recognised to the extent it is considered to be recoverable in the foreseeable future. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 % (2013: 23%). The total recognised deferred tax asset is £682,000 (2013: £801,000). The asset is made up of:-

<b>Not recognised</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset temporary differences	-	-
Other temporary differences	-	-
Unrecognised deferred tax asset	-	-
<b>Recognised</b>	<b>2014</b>	<b>2013</b>
		<b>Restated</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset temporary differences	<b>561</b>	607
Other temporary differences	<b>121</b>	194
Recognised deferred tax asset	<b>682</b>	801

On 2 July 2013, the UK government enacted into law a reduction in the main rate of tax to 21% from 1 April 2014 and 20% from 1 April 2015. As this was enacted prior to the balance sheet date, the deferred tax asset has been calculated at the rate of 20%.

## 9 Dividends

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Equity - ordinary		
Interim dividend paid: nil (2013: £nil) per £1 share	-	-
	-	-

## Montblanc (UK) Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

### 10 Property, plant and equipment

	Boutique fittings	IT hardware	Office furniture	Point of sale fixtures	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2013	3,203	114	112	221	3,650
Additions	256	18	-	197	471
Disposals	-	-	-	-	-
<b>At 31 March 2014</b>	<b>3,459</b>	<b>132</b>	<b>112</b>	<b>418</b>	<b>4,121</b>
<b>Accumulated depreciation</b>					
At 1 April 2013	2,991	91	108	107	3,297
Charge for the year	197	20	1	90	308
Disposals	-	-	-	-	-
<b>At 31 March 2014</b>	<b>3,188</b>	<b>111</b>	<b>109</b>	<b>197</b>	<b>3,605</b>
<b>Net book value</b>					
<b>At 31 March 2014</b>	<b>271</b>	<b>21</b>	<b>3</b>	<b>221</b>	<b>516</b>
At 1 April 2013	212	23	4	114	353

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

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 11 Intangible assets

	Leasehold rights £'000	Software £'000	Total £'000
<b>Cost At 1 April 2013 and 31 March 2014</b>	<b>504</b>	<b>23</b>	<b>527</b>
<b>Accumulated amortisation</b>			
At 1 April 2013	504	23	527
Charge for the year	-	-	-
<b>At 31 March 2014</b>	<b>504</b>	<b>23</b>	<b>527</b>
<b>Net book value</b>			
<b>At 31 March 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 March 2013	-	-	-

All intangible assets were externally acquired.

### 12 Inventories

Inventories comprise: -

	2014 £'000	2013 £'000
Goods for resale	2,970	2,757
Spare parts	65	58
	<b>3,035</b>	<b>2,815</b>

The amount of inventories recognised as an expense during the year was £9,963,000 (2013: £9,005,000). The amount of write down of inventories recognised as an income during the year was £35,000 (2013: expense of £54,000).

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 13 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	1,174	1,221
Less: provision for impairment of receivables	(68)	(11)
Trade receivables – net	1,106	1,210
Amounts owed by group companies: -		
- Fellow group subsidiaries	18	92
Credit card receivables	191	238
Rents owed by tenants	-	4
Staff travel loans	17	10
Other current debtors	15	15
Prepayments	79	178
	1,426	1,747

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

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.

The company has provided at year end amounts totalling £68,000 (2013: £11,000) as a receivables write down provision.

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:-

	2014 £'000	2013 £'000
Not overdue	564	806
Past due less than three months	541	404
Past due more than three months less than six months	1	-
Past due more than 6 months	-	-
	1,106	1,210

	2014 £'000	2013 £'000
At 1 April	(11)	(12)
Provision for receivables impairment	(70)	(10)
Receivables written off during the year as irrecoverable	11	1
Unused amount reversed	2	10
<b>At 31 March</b>	<b>(68)</b>	<b>(11)</b>

Based on past experience, the company does not impair receivables that are not past due unless they are known to be bad debts. The company has established credit check procedures that ensure the high creditworthiness of its customers.

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 14 Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and on hand	3,127	3,138

### 15 Creditors

	2014 £'000	2013 £'000
<b>Creditors due within one year</b>		
Trade payables	802	393
Amounts owed to fellow Group subsidiaries	2,134	1,813
Other taxes and social security	205	269
Accruals	247	296
Deferred income	-	12
	<u>3,388</u>	<u>2,783</u>
<b>Creditors falling due after more than one year</b>		
Deferred income	-	4

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.

### 16 Provisions

	Warranty £'000	Sales return £'000	Employee benefits £'000	Total £'000
At 1 April 2013	21	74	66	161
Provided during the year	16	5	21	42
Utilised during the year	(16)	-	(21)	(37)
<b>At 31 March 2014</b>	<u>21</u>	<u>79</u>	<u>66</u>	<u>166</u>

#### Analysis of total provisions:

	2014 £'000	2013 £'000
Current portion	104	103
Non-current portion	62	58
	<u>166</u>	<u>161</u>

#### 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 £100,000 (2013: £95,000) has been recognised. It is anticipated that the provisions will be utilised within 2 years.



## Montblanc (UK) Limited

### Notes to the financial statements for the year ended 31 March 2014 (continued)

#### Employee benefits provision

These include obligations arising under the Company's long term incentive plans and the social cost on the Company's share option plan. It is anticipated that the provisions will be utilised within 5 years.

#### Share option scheme

The 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 movements in the number of awards granted to executives is as follows:

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2013	21.65	10,021
Exercised	21.20	(859)
Lapsed	21.20	(1,718)
Balance at 31 March 2013	21.81	7,444
Balance at 31 March 2014	21.81	7,444

No options were awarded or exercised during the year. 5,726 options were exercisable at 31 March 2014 (2013: 4,008).

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 2014	CHF 23.18	2,290	1.2 years
	CHF 21.20	5,154	3.2 years
31 March 2013	CHF 23.18	2,290	2.2 years
	CHF 21.20	5,154	4.2 years

No options were awarded during the year.

## Montblanc (UK) Limited

### Notes to the financial statements for the year ended 31 March 2014 (continued)

The amounts recognised in the income statement (before social security and taxes) for equity-settled share-based payment transactions can be summarised as follows:

	2014	2013
	£'000	£'000
Share option expense	3	-

## 17 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.

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 brands 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 brand'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 asset 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:

	2014	2013
	£'000	£'000
Balance sheet (liability) at 1 April	(699)	(566)
Pension cost	(242)	(202)
Company contribution	276	275
Other Comprehensive Income	12	(206)
Balance sheet liability at year end	(653)	(699)

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

### Defined contribution plans

Pension costs for defined contribution schemes are as follows:

	2014	2013
	£'000	£'000
Defined contribution schemes	35	39

# Montblanc (UK) Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 18 Share capital

	2014 £'000	2013 £'000
<b>Authorised:</b>		
10,000 (2013: 10,000) ordinary shares of £1 each	10	10
<b>Allotted, called up and fully paid:</b>		
1 (2013: 1) ordinary share of £1	-	-

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

### 19 Capital commitments

Capital commitments authorised and contracted for at 31 March 2014 amounted to £nil (2013: £70,000). Capital commitments authorised but not contracted for at that date amounted to £nil (2013: £nil).

### 20 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 7 to the financial statements. This does not include share options, details of which are disclosed in note 16.

### 21 Operating lease commitments

#### Company as a lessee

At 31 March the company had minimum commitments under non-cancellable operating leases expiring as follows:-

	2014 £'000	2013 £'000
<b>Property</b>		
Not later than one year	1,190	1,671
Later than one year and not later than five years	923	1,426
Later than five years	-	-
	<u>2,113</u>	<u>3,097</u>
<b>Other</b>		
Not later than one year	58	62
Later than one year and not later than five years	64	47
Later than five years	-	-
	<u>122</u>	<u>109</u>

## Montblanc (UK) Limited

### Notes to the financial statements for the year ended 31 March 2014 (continued)

The company leases various boutique and office and premises under non-cancellable operating lease arrangements. The leases have varying terms, escalation clauses and renewal rights. The cost for certain boutique leases contains a fixed portion together with a variable portion. The variable element is most commonly a percentage of sales achieved. The commitments above reflect only the fixed elements.

#### Company as a lessor

At 31 March 2014 the company had contracted with tenants for future minimum commitments under non-cancellable operating leases expiring as follows:-

	2014 £'000	2013 £'000
<b>Property</b>		
Not later than one year	-	53
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>53</u>
Rental income earned during the year was	<u>53</u>	<u>217</u>

## 22 Ultimate and immediate holding company

The immediate parent undertaking is Richemont Holdings (UK) Limited, a company incorporated and registered in the United Kingdom.

The ultimate parent undertaking and controlling party is Compagnie Financière Richemont SA, a limited company incorporated in Switzerland. Compagnie Financière Richemont SA is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. 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.