Montblanc (UK) Limited
(Registered Number: 03482431)

Annual Report
For the year ended 31 March 2015

Montblanc (UK) Limited

Annual report for the year ended 31 March 2015

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 2015

The Directors present their Strategic report for the year ended 31 March 2015

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 on ordinary activities before taxation of £198,000 (2014 loss of £251,000) for the year and revenue of £19,736,000 (2014: £18,684,000). The company had cash and cash equivalents at the year-end of £78,000 (2014: £3,127,000). The company has borrowings of £375,000 (2014: £nil). Montblanc sales were 6% higher than the previous year due to the return of foreign visitors to London, however 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 activities remaining.

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 R. Brooks
Secretary
30 July 2015

Montblanc (UK) Limited

Directors' Report for the year ended 31 March 2015

The directors submit their report and the audited financial statements of Montblanc (UK) Limited ("the company") for the year ended 31 March 2015.

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. Zimmermann	

During the year, no director (2014: 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 loss for the financial year of £206,000 (2014: loss for the financial year of £421,000). The statement of comprehensive income is set out on page 7.

Dividends

No dividend has been paid or declared in respect of the year (2014: £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 (2014: £nil). No contributions for political purposes were made during the year (2014: £nil).

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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.

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

R. Brooks
Secretary
30 July 2015

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 2015 and of its loss 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

Montblanc (UK) Limited's financial statements comprise:

- the Statement of financial position as at 31 March 2015;
- 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.

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.

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 pages 3 and 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 and 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.

Christopher Richmond (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, 30 July 2015

Montblanc (UK) Limited

Statement of comprehensive income for the year ended 31 March 2015

	Note	2015	2014
		£'000	£'000
Revenue		**19,736**	18,684
Cost of sales		**(10,925)**	(10,543)
Gross profit		**8,811**	8,141
Selling and marketing costs		**(8,004)**	(7,983)
Administrative expenses		**(989)**	(653)
Other operating income	6	**-**	244
Operating loss	4	**(182)**	(251)
Finance expenses	8	**(16)**	-
Loss on ordinary activities before taxation		**(198)**	(251)
Taxation on loss on ordinary activities	9	**(8)**	(170)
Loss for the financial year		**(206)**	(421)

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

Defined benefit plan actuarial (loss)/gain	**(829)**	12
Tax on defined benefit plan actuarial gain/(loss)	**166**	(2)
Other comprehensive (loss)/gain net of tax	**(663)**	10
Total comprehensive loss net of tax	**(869)**	(411)

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 2015

	Note	2015	2014
ASSETS		**£'000**	£'000
Fixed assets			
Property, plant and equipment	11	**787**	516
Intangible assets	12	**2,240**	-
		3,027	516
Other non-current assets		**566**	-
Current assets			
Deferred tax asset greater than 1 year	9	**962**	682
Inventories	13	**3,134**	3,035
Trade and other receivables	14	**1,423**	1,426
Cash and cash equivalents		**78**	3,127
		5,597	8,270
Creditors: amounts falling due within one year			
Trade and other payables	15	**(3,986)**	(3,388)
Corporation tax liability	9	**-**	-
		(3,986)	(3,388)
Net current assets		**1,611**	4,882
Total assets less current liabilities		**5,204**	5,398
Creditors – amounts falling due after more than 1 year			
Retirement benefit liability	17	**(1,369)**	(653)
Provisions for liabilities	16	**(125)**	(166)
		(1,494)	(819)
Net assets		**3,710**	4,579
Capital and reserves			
Called up share capital	18	**-**	-
Share option reserve		**-**	3
Retained earnings		**3,710**	4,576
Total equity		**3,710**	4,579

The financial statements on pages 7 to 26 were approved by the Board of Directors on 30 July 2015 and were signed on its behalf by:

K. Boltman
Director
Montblanc (UK) Limited
Registered number 3482431
30 July 2015

Montblanc (UK) Limited

Statement of changes in equity for the year ended 31 March 2015

	Note	Called up share capital	Share option reserve	Retained earnings	Total Equity
		£'000	£'000	£'000	£'000
At 1 April 2013		**-**	**154**	**4,833**	**4,987**
Defined benefit plan actuarial gain		-	-	12	12
Tax on defined benefit plan actuarial gain		-	-	(2)	(2)
Loss for the financial year		-	-	(421)	(421)
Value of employee services	16	-	(151)	154	3
At 31 March 2014		**-**	**3**	**4,576**	**4,579**
Loss for the financial year		-	-	(206)	(206)
Defined benefit plan actuarial loss		-	-	(829)	(829)
Tax on defined benefit plan actuarial loss		-	-	166	166
Value of employee services	16	-	(3)	3	-
At 31 March 2015		**-**	**-**	**3,710**	**3,710**

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.

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.

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 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 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 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 2013 (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.

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.

(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.

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.

4 Operating Loss

	2015	2014
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Net movement in stock provisions	**(34)**	(35)
Operating lease rentals - property	**2,103**	2,098
Operating lease rentals - other	**71**	76
Employee benefit expenses	**2,691**	2,860
Depreciation of property, plant and equipment	**365**	308
Amortisation of leasehold rights	**110**	-
Amortisation of software	**-**	-
Auditors' remuneration	**29**	29
Auditors' non-audit fees	**4**	4
Repairs and maintenance expenditure on property, plant and equipment	**112**	61
Trade receivables – net movement in provisions	**(66)**	57

5 Employee benefits and other information

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

	2015 Number	2014 Number
Selling	**53**	55
Administration	**2**	8
	55	63

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

	2015 £'000	2014 £'000
Gross wages, salaries and commissions	**2,045**	2,209
Long Term Retention Plan	**12**	12
Social security costs	**296**	292
Share-based payment awards (note 16)	**1**	3
Pension costs charged – defined contribution plan (note 17)	**61**	35
Pension costs charged – defined benefit plan (note 17)	**218**	242
Other employee benefits	**58**	67
	2,691	2,860

6 Other operating income

	2015 £'000	2014 £'000
Property rental income	**-**	53
Head office contribution to advertising costs	**-**	191
Foreign exchange gains	**-**	-
	-	244

7 Directors' emoluments

Emoluments of directors of the company were:

	2015 £'000	2014 £'000
Aggregate emoluments	**130**	136
Defined benefit contribution	**33**	31

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

Retirement benefits accruing under defined benefit schemes amounted to £50,350 (2014: £46,550). Retirement benefits are accruing under a defined benefit scheme for one director (2014: one)

8 Finance expenses

	2015 £'000	2014 £'000
Bank overdraft interest	**16**	-

9 Taxation on loss on ordinary activities

Analysis of charge in the year	**2015**	2014
	£'000	£'000
Current tax expense		
- UK corporation tax and income tax of overseas operations on losses for the year	**126**	52
- Adjustments in respect of prior year	**(4)**	36
Total current tax charge	**122**	88
Deferred tax		
- Origination and reversal of timing differences	**(61)**	(22)
- Adjustments in respect of prior years	**(53)**	(1)
- Effect of decreased tax rate on opening balance	**-**	105
Total deferred tax	**(114)**	82
Total tax charge	**8**	170

There is a tax charge of £8,000 for the current year (2014: charge of £170,000). The current tax charge is reconciled to the profit on ordinary activities before taxation at the standard rate of UK corporation tax below:-

	2015	2014
	£'000	£'000
Loss on ordinary activities before taxation	**(198)**	(251)
United Kingdom corporation tax on loss for the financial year at 21% (2014: 23%)	**(42)**	(57)
Effects of:		
Expenses not deductible for tax purposes	**174**	87
Non taxable income	**(71)**	-
Group relief claimed	**(126)**	(52)
Consideration payable for losses surrendered as group relief	**126**	52
Adjustments in respect of prior years	**(57)**	35
Effect of changing tax rates	**4**	105
Total tax (income)/expense	**8**	170

9 Taxation on loss on ordinary activities (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% (2014: 20%). The total recognised deferred tax asset is £962,000 (2014: £682,000). The asset is made up of:-

Not recognised	**2015**	2014
	£'000	£'000
Fixed asset temporary differences	**-**	-
Other temporary differences	**-**	-
Unrecognised deferred tax asset	**-**	-

Recognised	**2015**	2014
	£'000	£'000
Fixed asset temporary differences	**651**	561
Other temporary differences	**311**	121
Recognised deferred tax asset	**962**	682

Legislation has been introduced in the Finance Bill 2013 to reduce the main rate of tax to 20% from 1 April 2015 and the deferred tax amounts in note 9 have been calculated at rate of 20%.

10 Dividends

	2015	2014
	£'000	£'000
Equity - ordinary		
Interim dividend paid: nil (2014: £nil) per £1 share	**-**	-
	-	-

11 Property, plant and equipment

	Boutique fittings	IT hardware	Office furniture	Point of sale fixtures	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2014	3,459	132	112	418	4,121
Additions	460	8	1	167	636
Disposals	(980)	(6)	-	-	(986)
At 31 March 2015	**2,939**	**134**	**113**	**585**	**3,771**
Accumulated depreciation					
At 1 April 2014	3,188	111	109	197	3,605
Charge for the year	202	15	4	144	365
Disposals	(980)	(6)	-	-	(986)
At 31 March 2015	**2,410**	**120**	**113**	**341**	**2,984**
Net book value					
At 31 March 2015	**529**	**14**	**-**	**244**	**787**
At 1 April 2014	271	21	3	221	516

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

12 Intangible assets

	Leasehold rights £'000	Software £'000	Total £'000
Cost			
At 1 April 2014	-	-	-
Additions	2,350	-	**2,350**
At 31 March 2015	**2,350**	**-**	**2,350**
Accumulated amortisation			
At 1 April 2014	-	-	-
Charge for the year	110	-	110
At 31 March 2015	**110**		**110**
Net book value			
At 31 March 2015	**2,240**	**-**	**2,240**
At 31 March 2014	504	23	527

All intangible assets were externally acquired.

13 Inventories

Inventories comprise: -

	2015 £'000	2014 £'000
Goods for resale	**3,132**	2,970
Spare parts	**2**	65
	3,134	3,035

The amount of inventories recognised as an expense during the year was £10,494,000 (2014: £9,963,000). The amount of write down of inventories recognised as an income during the year was £34,000 (2014: income of £35,000).

14 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	**1,132**	1,174
Amounts owed by group companies: -		
- Fellow group subsidiaries	**47**	18
Credit card receivables	**163**	191
Staff travel loans	**13**	17
Other current debtors	**16**	15
Prepayments	**54**	79
	1,425	1,494

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 £2,000 (2014: £68,000) 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:-

	2015 £'000	2014 £'000
Not overdue	**668**	568
Past due less than three months	**434**	561
Past due more than three months less than six months	**30**	9
Past due more than 6 months	**-**	36
	1,132	1,174

	2015 £'000	2014 £'000
At 1 April	**(68)**	(11)
Provision for receivables impairment	**(2)**	(70)
Receivables written off during the year as irrecoverable	**34**	11
Unused amount reversed	**34**	2
At 31 March	**(2)**	(68)

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.

15 Creditors

	2015	2014
	£'000	£'000
Creditors: amounts falling due within one year		
Bank loans and overdrafts repayable in one year	**375**	-
Trade payables	**724**	802
Amounts owed to fellow Group subsidiaries	**2,411**	2,134
Other taxes and social security	**239**	205
Accruals	**237**	247
	3,986	3,388

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 for liabilities

	Warranty	**Sales return**	**Employee benefits**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April 2014	21	79	66	166
Provided during the year	-	7	11	18
Utilised during the year	-	(1)	(58)	(59)
At 31 March 2015	**21**	**85**	**19**	**125**

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

Analysis of total provisions:

	2015	2014
	£'000	£'000
Current portion	**95**	104
Non-current portion	**30**	62
	125	166

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 £106,000 (2014: £100,000) has been recognised. It is anticipated that the provisions will be utilised within 2 years.

16 Provisions for liabilities (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	21.81	7,444
Balance at 31 March 2014	21.81	7,444
Exercised	21.81	(7,444)
Balance at 31 March 2015	-	-

No options were awarded during the year. No options were exercisable at 31 March 2015 (2014: 5,726)

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 2015	-	-	-
31 March 2014	CHF 23.18	2,290	1.2 years
	CHF 21.20	5,154	3.2 years

16 Provisions for liabilities (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:

	2015	2014
	£'000	£'000
Share option expense	1	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 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:

	2015	2014
	£'000	£'000
Balance sheet (liability) at 1 April	(653)	(699)
Pension cost	(218)	(242)
Company contribution	331	276
Other Comprehensive Income	(829)	12
Balance sheet liability at 31 March	(1,369)	(653)

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:

	2015	2014
	£'000	£'000
Defined contribution schemes	61	35

18 Called up share capital

	2015 £'000	2014 £'000
Authorised:		
10,000 (2014: 10,000) ordinary shares of £1 each	**10**	10
Allotted, called up and fully paid:		
1 (2014: 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 2015 amounted to £nil (2014: £nil). Capital commitments authorised but not contracted for at that date amounted to £55,000 (2014: £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:-

	2015 £'000	2014 £'000
Property		
Not later than one year	**1,424**	1,190
Later than one year and not later than five years	**2,352**	923
Later than five years	**2,363**	-
	6,139	2,113

	2015 £'000	2014 £'000
Other		
Not later than one year	**43**	58
Later than one year and not later than five years	**19**	64
Later than five years	**-**	-
	62	122

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

	2015	2014
	£'000	£'000
Property		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Rental income earned during the year was	-	53

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.