RICHEMONT HOLDINGS (UK) LIMITED
Registered number: 2841548

Annual report
for the year ended 31 March 2018

Richemont Holdings (UK) Limited (Registered number: 2841548)

Annual report for the year ended 31 March 2018

Contents

Richemont Holdings (UK) Limited (Registered number: 2841548)

Strategic Report for the year ended 31 March 2018

The Directors submit their Strategic Report on Richemont Holdings (UK) Limited (the "Company') for the year ended 31 March 2018.

Principal objectives, strategy and outlook

The principal activity of the Company during the year was to act as a United Kingdom resident intermediate holding company. Both the level of business and the year-end position were as expected. No additional activity is anticipated for the foreseeable future.

The Company is part of the luxury brands group, Compagnie Financière Richemont S.A. Group (the "Group"), incorporating several prestigious brands including Cartier, Chloé, Montblanc and Alfred Dunhill. The Company is managed by Compagnie Financière Richemont S.A. and its activity is limited to holding the brands in the UK, the Company's key performance indicators are aligned to those of the Group. The development, performance and position of the Group brands, which include the Company, is discussed on the Group website (www.richemont.com).

Review of the business

The Company is guided from the Geneva Head Office and as a result is dependent on overall Group performance of the brands owned by the Group and the needs of the UK based brands. The past year has seen Group worldwide operating profit grow by 5% (2017: fell 14%). The Group has taken steps to limit the impact of the unstable financial markets through conservative cash and brand management. Investment in the UK operations will continue to at least maintain existing levels of support to the brands.

Business review

The results for the year are set out in the Statement of Comprehensive Income on page 10 which shows a pre-tax loss of £8,825,000 (2017: loss of £166,727,000) and revenue of £319,000 (2017: £319,000). Total shareholders' equity is £791,281,000 (2017: £800,106,000). Net cash outflow from operating activities for 2018 was £71,000,000 (2017: cash outflow £3,566,000).

The Directors use pre-tax profit, revenue, total shareholders' equity and net cash flows from operating activities as key performance indicators.

Since May 2017, the Company has been the Cash Pool Leader of the UK Physical Cash Pool, where its subsidiaries' EUR, GBP and USD bank accounts are swept to nil each evening, regardless as to whether the balance is positive or negative. All cash is held with the Company as Cash Pool Leader and the entities within the pool always have access to funding to meet their obligations as they fall due.

In March 2018, the Group launched a voluntary tender offer for all issued and to be issued ordinary shares of YOOX Net-a-Porter Group S.p.A. (YNAP) that the Group do not already own. On 17 May 2018, the Group announced that the total number of YNAP shares tendered in the offer, together with those shares already held by the Group, amounted to 94.999% of YNAP's ordinary share capital. As such, the minimum acceptance level condition had been exceeded and the offer is now unconditional. The additional new shares will be held by RLG Italia Holding S.p.A. and currently there is no plan for the Company to dispose of its current holding in YNAP.

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 Plan closed to new entrants in 2004 and to future accrual on 31 March 2017. All employees are now offered membership of a defined contribution plan operated by the Group.

On 1 December 2016 the Plan trustee entered into a full "buy-in" with a UK insurance company, which is held as an asset of the Plan. Under the terms of the contract, the insurer will meet all benefits due to members of the Plan. The premium for this insurance contract was largely met over 2016/17, from the Plan's assets plus contributions totalling £225m from the Group.

Strategic Report for the year ended 31 March 2018 (continued)

Defined benefit plan (continued)

As a result of the buy-in, the risk to the participating employers of future contributions falling due has almost entirely been removed although the legal obligation to provide the benefits remains with the Plan and the participating employers. The participating employers are however liable for additional contributions in respect of any data or benefit errors in the insurance and the trustee is currently reviewing these items and a final contribution will be made by the participating employers once the amount has been confirmed.

The participating employers expect to contribute £1.9m to the defined benefit Plan during 2018/19; the Company did not make any contributions during 2017/18.

Principal risks and uncertainties

Given the size and nature of the Company, the monitoring of financial risk management is performed centrally by the Group rather than at an individual business unit level. The Company's Directors believe that the principle risks and uncertainties are as follows:

(a) Market risk: Foreign Exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss Franc and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company does not seek to hedge this exposure, as this risk is managed by the Group for the Group's overall foreign exchange risk.

(b) Cash flow interest rate risk

The Company is exposed to future cash flow fluctuation risk due to changes in variable market interest rates, which is managed by the Group.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying Group business, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements by the Group physical cash pool. The Company has no significant liquidity risk as funding is generated through settlement of debt by fellow subsidiary companies and associated undertakings.

(d) Credit risk

The Company has no significant credit risk. The credit risk arising from cash and deposits with credit institutions is managed by the Group. The minimum long term credit rating requirements of financial counterparties is A1/P1.

(e) Price risk

The Company has no significant price risk.

By order of the board

R. Brooks

Mr R J Brooks
Director

30th May 2018

Richemont Holdings (UK) Limited (Registered number: 2841548)

Directors' Report for the year ended 31 March 2018

The Directors submit their report and the audited financial statements of Richemont Holdings (UK) Limited (the "Company") for the year ended 31 March 2018. The Company reports its financial results in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Interpretations Committee interpretations, (together "IFRS").

Principal activities

Richemont Holdings (UK) Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006, incorporated on 28 July 1993. The principal activity of the Company is a United Kingdom resident intermediate holding company. The Company is registered in London and its registered office address is 15 Hill Street, London, W1J 5QT, United Kingdom.

During the year the Company made no additional investment (2017: £nil) in a property that is subleased to a fellow group subsidiary company. Rental income has been received from the subsidiary since April 2008, which offsets the rent payable on the head lease.

Financial risk management

The principle financial risks relating to the Company are given in the Strategic Report on page 4.

Dividends

No interim dividends were paid in the year (2017: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: £nil).

Directors

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

The Duke of Wellington
Mr R J Brooks
Ms S Henderson (appointed 1 January 2018)
Ms C Welch-Ballentine (resigned 1 January 2018)

Secretary

Ms L Still resigned as Secretary on 29 March 2018 and Ms S Rajah-Barrett took over office on the same day.

Directors' emoluments

The Directors did not receive any emoluments in respect of their services to the Company (2017: none).

Donations

No donations or contributions for political purposes were made during the year (2017: none).

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report for the year ended 31 March 2018 (continued)

Creditor payment policy

The current policy of the Company and the Group's United Kingdom subsidiaries concerning the payment of the majority of its trade creditors is:

(a) to settle the terms of payment with those suppliers when agreeing the terms of each transaction;
(b) to ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
(c) to pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. The creditors days as at 31 March 2018 was 19.8 days (2017: 4.8 days).

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' Report, the Strategic 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 IFRS. 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the 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 they have complied with the above requirements in the preparation of the financial statements.

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

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' Report for the year ended 31 March 2018 (continued)

Corporation tax changes

On 8 July 2015 the UK government announced that the corporation tax rate would reduce from 20% to 19% with effect from 1 April 2017 and sets it at this rate for the financial years beginning 1 April 2018 and 2019. The rate will then be reduced by a further 1% to 18% for the financial year beginning 1 April 2020.

On 16 March 2016, the UK government announced that the corporation tax rate would be reduced to 17% with effect from 1 April 2020.

In accordance with the requirement set out in IAS 12 'Income taxes', the tax rate of 17% (2017: 17%) is used as the basis for the calculation of deferred taxes stated.

Defined benefit plan

Details of the defined benefit plan given in the Strategic Report on pages 3 and 4.

Amendment of financial statements

No party has the power to amend the financial statements after issue.

Post balance sheet events

There were no significant events after the balance sheet date.

Independent auditors

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

By order of the board

R. Brooks

Mr R J Brooks
Director

30th May 2018

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

Report on the audit of the financial statements

Opinion

In our opinion, Richemont Holdings (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Comprehensive Income, the Statement of Financial Position as at 31 March 2018, Statement of Changes in Equity and the Statement of Cash Flows; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

James de Veulle (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey, Channel Islands
31 May 2018

Richemont Holdings (UK) Limited (Registered number: 2841548)

Statement of Comprehensive Income for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue		**319**	319
Depreciation	10	**(222)**	(222)
Administrative expenses		**(642)**	(540)
Intercompany expenses written off	13	**(398)**	-
Impairment of investments in subsidiaries	4, 11	**87**	(157,162)
Operating loss		**(856)**	(157,605)
Finance income	8	**390**	165
Finance costs	8	**(8,359)**	(9,287)
Loss before tax		**(8,825)**	(166,727)
Income tax	9	**-**	-
Loss for the year		**(8,825)**	(166,727)
Total comprehensive loss for the year		**(8,825)**	(166,727)

The notes on pages 14 to 31 form an integral part of these financial statements.

Richemont Holdings (UK) Limited (Registered number: 2841548)

Statement of Financial Position at 31 March 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non current assets			
Property, plant and equipment	10	**6,310**	6,532
Other non-current assets	10	**7,970**	7,970
Investments in subsidiaries	11(a)	**115,302**	115,302
Investments in joint venture	11(b)	**312**	225
Investments in associate	11(c)	**858,733**	858,733
Loan to subsidiary undertaking	12	**-**	3,158
		988,627	991,920
Current assets			
Trade and other receivables	13	**108,811**	501
Cash at bank	14(a)	**40,129**	123,086
		148,940	123,587
Liabilities			
Current liabilities			
Trade and other payables	15	**(37,852)**	(129)
Bank overdraft	14(a)	**(5,326)**	(12,195)
Net current assets		**105,762**	111,263
Total assets less current liabilities		**1,094,389**	1,103,183
Non current liabilities			
Loan from parent	16	**(302,000)**	(302,000)
Finance lease obligation	10, 21	**(1,108)**	(1,077)
Net assets		**791,281**	800,106
Equity			
Share capital	18	**1,078,672**	1,078,672
Capital reserve	19	**107,200**	107,200
Special reserve	20	**10,212**	10,212
Retained earnings		**(404,803)**	(395,978)
Total equity		**791,281**	800,106

The notes on pages 14 to 31 form an integral part of these financial statements.
The financial statements were approved and authorised for issue by the board of Directors on 30th May 2018 and were signed on its behalf by:

Wellington

The Duke of Wellington
Director

Statement of Changes in Equity for the year ended 31 March 2018

	Share capital	Capital reserve	Special reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	718,672	107,200	10,212	(229,251)	606,833
Increase in share capital	360,000	-	-	-	360,000
Loss for the year	-	-	-	(166,727)	(166,727)
At 1 April 2017	1,078,672	107,200	10,212	(395,978)	800,106
Loss for the year	-	-	-	(8,825)	(8,825)
At 31 March 2018	**1,078,672**	**107,200**	**10,212**	**(404,803)**	**791,281**

The notes on pages 14 to 31 form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Cash used in continuing operations	14(b)	**(71,260)**	(3,555)
Interest received		**434**	114
Interest paid		**(174)**	(359)
Tax received		**-**	234
Net cash used in operating activities		**(71,000)**	(3,566)
Cash flows from investing activities			
Increase in investments in subsidiaries		**-**	(226,750)
Repayment of loans from subsidiary undertaking		**3,100**	-
Net cash generated from/(used in) investing activities		**3,100**	(226,750)
Cash flows from financing activities			
Issue of ordinary share capital		**-**	360,000
Interest paid on long term borrowings		**(8,154)**	(9,060)
Capital element of finance lease payments		**(34)**	(33)
Net cash (used in)/generated from financing activities		**(8,188)**	350,907
Net (decrease)/increase in cash and cash equivalents		**(76,088)**	120,591
Cash and cash equivalents at 1 April		**110,891**	(9,700)
Cash and cash equivalents at 31 March	14(a)	**34,803**	110,891

The notes on pages 14 to 31 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2018

1 Summary of significant accounting policies

The financial statements of Richemont Holdings (UK) Limited (the "Company") have been prepared on the going concern basis under the accounting policies set out below, which have been applied consistently, except where noted, and in accordance with applicable accounting standards. Both the level of support available to the Company from its ultimate controlling party (note 24), Compagnie Financière Richemont S.A. ("CFR S.A."), and the financial statements for the year ended 31 March 2018 of CFR S.A. were considered in assessing the going concern status of the Company.

The Company is a private limited company registered in London. The registered office is 15 Hill Street, London, W1J 5QT.

Basis of preparation

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Interpretations Committee interpretations, (together "IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The policies set out in this note have been consistently applied to the year presented.

Going concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The Company's forecasts and projections show that the Company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's borrowings is given in notes 15 and 16.

Finance income

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

Foreign currencies

(a) Functional and presentation currency

Items included in the Company's 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.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual 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 rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using taxation rates that are applicable to the taxable income.

1 Summary of significant accounting policies (continued)

Deferred tax

Deferred taxation is recognised 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 determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liabilities is settled.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and equity-accounted investments, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Property, plant and equipment consists mainly of land and buildings held by the Company under finance lease. Land and buildings are shown and is recorded at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

An annual review of the building is performed to ensure the fair value does not differ materially from its carrying value. If the fair value is less than the carrying value, an impairment is recorded to bring the carrying value in line with the fair value.

Depreciation on property is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, up to the following limit: buildings 50 years.

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

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are stated at cost less, where appropriate, impairment. Any impairment is calculated by comparing the recoverable amount with the carrying value of the investment at the balance sheet date. The recoverable amount is deemed to be not less than the net assets of the investment.

Exemption from preparing consolidated financial statements

As further explained in note 11, the Company is not required to prepare consolidated financial statements due to the exemption available under section 401 of the Companies Act 2006.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and it must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1 Summary of significant accounting policies (continued)

Impairment of assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (A 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 13 for further information about the Company's accounting for trade receivables.

Cash and cash equivalents

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

Trade payables

Payables are initially measured at fair value and subsequently measured at amortised cost.

Finance leases

At commencement of the lease term, assets and liabilities are recognised at the lower of the present value of future minimum lease payments and fair value of the leased item. In cases where land and buildings are acquired under finance leases, separate values of the land and buildings are established. Land capitalised under finance leases will be depreciated to its residual value on a straight line basis over the final 50 years of the lease term.

Share capital

Shares issued by the Company are classified as equity attributable to the Company's shareholders.

Retirement benefit obligations

The Group also sponsors a defined benefit pension plan, the Richemont UK Pension Plan. The Plan's funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial advisor.

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 brand's employees in the Plan.

New standards and interpretations not yet adopted

Certain new accounting standards and amendments, issued by the IASB and interpretations issued by IFRIC are not yet effective and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation (effective 1 January 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss.

The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. No material impact on profit for the future periods is expected.

1 Summary of significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

Amendment to IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. No material impact is expected from IFRS 15.

Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures (effective 1 January 2019). These amendments clarify that company's account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Company is yet to assess the full impact of the Amendments to IAS 28.

IFRS 16 'Leases' (effective 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. No material impact is expected from IFRS 16.

2 Financial risk factors

The Company's activities expose it to financial risks detailed below. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance, including the Company.

(a) Market risk: Foreign Exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss Franc and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company does not seek to hedge this exposure, as this risk is managed by the Group for the Group's overall foreign exchange risk.

(b) Cash flow interest rate risk

The Company is exposed to future cash flow fluctuation risk due to changes in variable market interest rates, which is managed by the Group.

2 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying Group business, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements by the Group physical cash pool. The Company has no significant liquidity risk as funding is generated through settlement of debt by fellow subsidiary companies and associated undertakings.

(d) Credit risk

The Company has no significant credit risk. The credit risk arising from cash and deposits with credit institutions is managed by the Group. The minimum long term credit rating requirements of financial counterparties is A1/P1.

(e) Price risk

The Company has no significant price risk.

	Carrying amount	Total	6 months or less	Between 6-12 months	More than 3 years
31 March 2018	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Finance lease obligations	**1,108**	**32,379**	**-**	**-**	**32,379**
Loan from parent	**302,000**	**302,000**	**-**	**-**	**302,000**
Trade and other payables	**37,852**	**37,852**	**37,852**	**-**	**-**
Bank overdraft	**5,326**	**5,326**	**5,326**	**-**	**-**
	346,286	**377,557**	**43,178**	**-**	**334,379**
31 March 2017					
Finance lease obligations	1,077	32,446	-	-	32,446
Loan from parent	302,000	302,000	-	-	302,000
Trade and other payables	129	129	129	-	-
Bank overdraft	12,195	12,195	12,195	-	-
	315,401	346,770	12,324	-	334,446

3 Critical accounting estimates and assumptions

The Company is required to make estimates and assumptions that affect the reporting amount of certain asset, liability and expense items and certain disclosure regarding contingencies. Estimates and assumptions applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparing of the financial statements. Principal matters where estimates and assumptions are made relate in particular to:

a) The determination of carrying values for property, plant and equipment, investments and impairment of assets;

b) The assessment and recording of liabilities in respect of retirement benefit obligations;

c) The recognition of provision for income taxes, including deferred taxation, taking into account the related uncertainties in the normal course of business.

The amounts involved are disclosed elsewhere in the financial statements.

4 Impairment of investments in subsidiaries

A reversal of an impairment of £87,000 (2017: impairment charge £157,162,000) was recognised in the year ended 31 March 2018. This followed a review that identified that the recoverable amount of the investment in joint venture exceeded the carrying value and the previously booked impairment was deemed as no longer being required.

5 Auditors' remuneration

Auditors' remuneration to PricewaterhouseCoopers CI LLP for the year was £7,492 (2017: £8,445).

6 Directors' emoluments and interests

None of the Directors who held office during the year received any emoluments in respect of their services to the Company (2017: none). The Directors consider there are no other key management personnel.

7 Employee information

There were no employees during the year (2017: none).

8 Finance income and cost

	2018	2017
	£'000	£'000
Finance income:		
Interest receivable on bank balances	355	-
Interest receivable on loan from subsidiary undertaking	35	165
	390	165
Finance costs:		
Interest payable on loans from subsidiary undertakings	(8,154)	(9,060)
Interest payable on bank balances	(38)	(164)
Other external finance expense	(102)	-
Finance lease charge	(65)	(63)
	(8,359)	(9,287)
Total net finance cost	(7,969)	(9,122)

9 Taxation

	2018 £'000	2017 £'000
Analysis of credit in the year:		
Adjustments in respect of prior periods	-	-
Taxation	-	-

	2018 £'000	2017 £'000
Taxation reconciliation		
Loss on ordinary activities before taxation	**(8,825)**	(166,727)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	**(1,677)**	(33,345)
Effects of:		
Fixed asset differences	**34**	-
Expenses not deductible for tax purposes	**1,273**	31,479
Deferred tax not recognised	**370**	1,866
Total tax credit	-	-

10 Property, plant and equipment

	Buildings 2018 £'000	Buildings 2017 £'000
Cost		
At 1 April and 31 March	**14,890**	14,890
Accumulated depreciation		
At 1 April	**(8,358)**	(8,136)
Charge for the year	**(222)**	(222)
At 31 March	**(8,580)**	(8,358)
Net book value at 31 March	**6,310**	6,532

The Company acquired a 125 year lease for land and buildings in December 2006 and ongoing annual payments for rent of £25,000 per annum, compounding annually at 3%, will be made.

IAS 17 'Accounting for Leases' outlines the criteria for determining the classification of the lease. The building is classified as a finance lease and was fully paid and capitalised at acquisition with capital expense for refurbishment to 31 March 2018 of £14,890,000 (2017: £14,890,000).

Montagu Evans valued the leasehold building at external market rates in 2009, which resulted in an impairment of £6,584,000. The Directors have provided consideration to the current valuation of the property and concluded that given the positive outlook for property prices in the area in which the property is located there is no requirement for a valuation and no indication of impairment.

In 2011, the land element was reclassified as a finance lease in accordance with the amendment to IAS 17 (as stated in note 1). Finance leases are capitalised at commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

10 Property, plant and equipment (continued)

The carrying value at 31 March 2018 of £7,970,000 is reported as other non-current assets (2017: £7,970,000). The finance lease obligation as at 31 March 2018 is calculated as the net realisable value of all future rental payments over the 125 year lease term.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. Interest of 6%, which is at the rate implicit in the lease terms, is charged to the Statement of Comprehensive Income over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each year. At 31 March 2018 the finance lease obligation was £1,108,000 (2017: £1,077,000). For consistency, the rent due over the 125 year lease term is also charged to the Statement of Comprehensive Income equally on a straight line basis over the period of the lease.

11 Investments

(a) Investments in subsidiary undertakings

	2018	2017
Cost	**£'000**	£'000
At 1 April	**726,312**	499,563
Additions	-	226,749
At 31 March	**726,312**	726,312
Impairment		
At 1 April	**(611,010)**	(453,848)
Impairment charge	-	(157,162)
At 31 March	**(611,010)**	(611,010)
Carrying value		
At 31 March	**115,302**	115,302

The Directors believe that the carrying values of the individual investments are supported by their underlying net assets.

During the year, the Company made no additional investments in existing subsidiaries (2017: £226,749,000).

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

11 Investments (continued)

At 31 March 2018 the Company's immediate subsidiary undertakings were:

Subsidiary undertakings	Country of incorporation and operation	Directly attributable to the Company	Class of shares held
Alfred Dunhill Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
Cartier Limited (Note (i)(ii))	England and Wales	100%	Ordinary shares of £1 each and redeemable preference shares of £1 each
Chloe (UK) Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
Dunhill Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
James Purdey & Sons Limited (Note (i)(iv))	England and Wales	100%	Ordinary shares of £1 each
Montblanc (UK) Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
Peter Millar UK Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
Richemont International Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
Richemont Investments (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each
Richemont UK Pension Trustees Limited (Note (i)(iii))	England and Wales	100%	Ordinary shares of £1 each

Note:

(i) Of the above Richemont International Limited is a service company; Richemont Investments is an investment holding company; Chloe (UK) Limited, Dunhill Limited and Montblanc (UK) Limited are dormant companies; Richemont UK Pension Trustees Limited is the sole trustee of the Richemont UK Pension Plan; and the remainder of the above are engaged in the production and sale of luxury consumer products.

(ii) Cartier Limited's registered office is 175-177 New Bond Street, London, W1S 4RN.

(iii) The registered office is 15 Hill Street, London, W1J 5QT.

(iv) The registered office of James Purdey & Sons Limited is Audley House, 57-58 South Audley Street, London, W1K 2ED.

11 Investments (continued)

At 31 March 2018 the Company's indirectly held undertakings were:

	Country of incorporation and operation	Indirectly attributable to the Company	Class of shares held
A. Dunhill Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Alfred Dunhill Club Limited (Note (ii))	England and Wales	100%	Ordinary shares of £1 each
Alfred Dunhill International Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Alfred Dunhill Lighters Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Alfred Dunhill Manufacturing Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Ben Wade (London & Leeds) Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Berkeley Intellectual Property Services Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Charatan Pipes Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
F. Charatan & Son Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Les Must de Cartier Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Richemont Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Richemont UK Limited (Note (iii))	England and Wales	100%	Ordinary shares of £1 each
The English Artworks Limited (Note (i))	England and Wales	100%	Ordinary shares of £1 each
Vendome Luxury Group (UK) BV (Note (i))	Netherlands	100%	Ordinary shares of €45 each

Notes:

(i) Dormant company with registered office at 15 Hill Street, London, W1J 5QT.

(ii) Alfred Dunhill Club Limited is a private members club and its registered office is Bourdon House, 2 Davies Street, London, W1K, 3DJ.

(iii) Richemont UK Limited is engaged in the sale of luxury consumer products and its registered office is at 15 Hill Street, London, W1J 5QT.

11 Investments (continued)

(b) Investment in joint venture

	2018	2017
Cost	**£'000**	£'000
At 1 April and at 31 March	**312**	312
Impairment		
At 1 April	**(87)**	(87)
Reversal of impairment charge	**87**	-
At 31 March	**-**	(87)
Carrying value		
At 31 March	**312**	225

The Company owns 50% of the issued share capital of Laureus World Sports Awards Limited, incorporated in England and Wales and a joint venture with Daimler Chrysler. The Company holds 100% of both the A Sterling shares at £1 each and the A Dollar shares at $1 each. The investment was initially recognised at cost and is reviewed annually for impairment. An impairment was recognised in 2008 to reflect a decrease in the net assets of this investment. The registered office is 15 Hill Street, London, W1J 5QT.

During the year the Directors reviewed the carrying value of the investment and agreed that the impairment has been temporary and was no longer considered necessary.

(c) Investments in associate

	2018	2017
	£'000	£'000
Carrying value at 1 April and 31 March	**858,733**	858,733

The investment in YOOX Net-a-Porter Group S.p.A., incorporated in Italy, was acquired on 5 October 2015. The Company owns 100% of the B shares with no voting rights, representing 31.76% (2017: 32%) of the total share capital, and 24.76% (2017: 25%) ordinary shares, representing 16.91% (2017: 17%) of the total share capital, both share classes are without nominal value. During the year there was a transfer between voting and non-voting shares, which accounted for the change in ownership of each type of share held. The overall shareholding as at 31 March 2018 was 48.56% (2017: 49%).

The registered office of YOOX Net-a-Porter Group S.p.A. is Via Morimondo 17, 20143, Milan, Italy.

12 Loans to subsidiary undertaking

	2018	2017
	£'000	£'000
Due after more than one year:		
Loan receivable from Peter Millar UK Limited	-	3,158
	-	3,158

The loans to Peter Millar UK Limited matured on 22 October 2017 and were repaid in full.

13 Trade and other receivables

	2018	2017
	£'000	£'000
Amounts owed by subsidiaries	**108,784**	477
Accrued bank interest receivable	**14**	14
Other receivables	**13**	10
	108,811	501

The fair value of trade and other receivables approximates their carrying value. Substantially all balances are denominated in Pound Sterling.

The increase is due to amounts owed by subsidiaries in funds that have been swept by the UK Physical Cash Pool, see note 14. During the year the Group sold Shanghai Tang and at that date £398,000 due from Tangs Department Store (UK) Limited was written off as not recoverable.

14 Cash and cash equivalents

(a) Cash and cash equivalents

	2018	2017
	£'000	£'000
Cash at bank	**40,129**	123,086
Bank overdraft	**(5,326)**	(12,195)
Cash and cash equivalents	**34,803**	110,891

Since May 2017, the Company has been the Cash Pool Leader of the UK Physical Cash Pool, where the its subsidiaries' EUR, GBP and USD bank accounts are swept to nil each evening, regardless as to whether the balance is positive or negative, see notes 13 and 15 for details. All cash is held with the Company as Cash Pool Leader and the entities within the pool always have access to funding to meet their obligations as they fall due.

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	2018	2017
	£'000	£'000
Cash used in operations		
Operating loss	**(856)**	(157,605)
Adjustments for:		
Depreciation	**222**	222
Impairments of investments in subsidiaries	**(87)**	157,162
Changes in working capital:		
Increase in receivables	**(108,296)**	(470)
Increase/(decrease) in payables	**37,757**	(2,864)
Cash used in operations	**(71,260)**	(3,555)

15 Trade and other payables

	2018	2017
	£'000	£'000
Amounts owed to subsidiaries and fellow Group undertakings	37,525	16
Accrued bank interest payable	2	36
Other payables	325	77
	37,852	129

The fair value of trade and other payables approximates their carrying value. Substantially all balances are denominated in Pound Sterling.

The increase is due to amounts owed to subsidiaries and fellow group undertakings is funds that have been swept by the UK Physical Cash Pool, see note 14.

16 Loan from parent

	2018	2017
	£'000	£'000
Amounts owed to parent	302,000	302,000

On 12 April 2010, the Company entered into a loan agreement with Richemont International Holdings S.A., its immediate parent, for the amount of £352,000,000. The loan is unsecured, bears interest at 2.8% and is due for repayment on 31 March 2020. In 2012, the Company repaid £50,000,000.

17 Defined benefit plan

In the UK, the Group operates a defined benefit plan which closed to new entrants in 2004 and to future accrual on 31 March 2017. All employees are now offered membership of a defined contribution plan operated by the Group.

On 1 December 2016 the Plan trustee entered into a full "buy-in" with a UK insurance company, which is held as an asset of the Plan. Under the terms of the contract, the insurer will meet all benefits due to members of the Plan. The premium for his insurance contract was largely met over 2016/17, from the Plan's assets plus contributions totaling £225m from the Group.

The defined benefit plan is operated from a trust, which has assets held separately from the Group and trustee who ensure the Plan's rules are adhered to. The weighted average duration of the expected benefit payments from the Plan is around 21 years.

As a result of the buy-in, the risk to the Company of future contributions falling due has almost entirely been removed although the legal obligation to provide the benefits remains with the plan and the Company. The Company is however liable for additional contributions in respect of any data or benefit errors in the insurance and the trustee is currently reviewing these items and a final contribution will be made by the Company once the amount has been confirmed.

The Company expects to contribute £1.9m to the defined benefit plan during 2018/19; the Company did not make any contributions during 2017/18.

17 Defined benefit plan (continued)

The amount included in the statement of financial position arising from the Company's obligations in respect of the Plan is as follows:

	2018	2017
	£'000	£'000
Present value of defined benefit obligation	**(314,449)**	(321,337)
Fair value of Plan assets	**312,554**	319,899
Net liability recognised in the balance sheet	**(1,895)**	(1,438)

The total amounts recognised by the participating employers in the Statement of Comprehensive Income are as follows:

	2018	2017
	£'000	£'000
Employers' part of current service cost	**-**	2,704
Administration expenses	**-**	333
Net interest on net defined benefit liability	**37**	(1,468)
Past service credit	**-**	(9,547)
Total expense/(credit) included in Statement of Comprehensive Income	**37**	(7,978)

The total amounts recognised by the participating employers immediately in Other Comprehensive Income are as follows:

	2018	2017
	£'000	£'000
Net actuarial (gains)/losses in the year:		
Changes in financial assumptions	**(626)**	(66,963)
Experience adjustments on benefit obligations	**-**	14
Actual return on Plan assets less interest on Plan assets	**206**	(137,910)
Total credit included in Statement of Comprehensive Income	**(420)**	(204,859)

Total changes in the net liabilities recognised by the participating employers in the Statement of Financial Position are as follows:

	2018	2017
	£'000	£'000
Balance sheet liability at 1 April	**(1,438)**	(35,135)
Amount recognised in profit and loss	**(37)**	7,978
Amount recognised in Other Comprehensive Income	**(420)**	(204,859)
Contributions paid	**-**	230,578
Balance sheet liability at 31 March	**(1,895)**	(1,438)

17 Defined benefit plan (continued)

The total movement in the present value of the defined benefit obligation recognised by the participating employers is as follows:

	2018	2017
	£'000	£'000
Defined benefit obligation at 1 April	**(321,337)**	(262,048)
Employer's part of current service cost	-	(2,704)
Interest on benefit obligations	**(8,152)**	(8,994)
Contributions from Plan members	-	(454)
Actuarial gains/(losses) due to:		
Changes in financial assumptions	**(626)**	(66,963)
Experience on benefit obligations	-	14
Benefits paid	**15,666**	10,265
Past service costs	-	9,547
Defined benefit obligation at 31 March	**(314,449)**	(321,337)

The total movement in the fair value of the Plan assets of the participating employers is as follows:

	2018	2017
	£'000	£'000
Opening fair value of the Plan assets	**319,899**	226,913
Interest on Plan assets	**8,115**	10,462
Actual return less interest on Plan assets	**206**	(137,910)
Administration expenses	-	(333)
Contributions by employer	-	230,578
Contributions by Plan members	-	454
Benefits paid	**(15,666)**	(10,265)
Closing fair value of Plan assets	**312,554**	319,899

The major categories of Plan assets at the balance sheet date (and the long term asset allocation) are as follows:

	Allocation at 31 March 2018	Long term allocation
Insurance policies	**99%**	99%
Other assets	**1%**	1%
	100%	100%

The Plan does not invest directly in property occupied by the Company or in financial securities issued by the Company.

In the UK, the investment strategy is set by the trustees of the Plan. The current strategy is to hold an insurance policy to back all benefits promised to members of the Plan.

17 Defined benefit plan (continued)

The following table sets out the key IAS19 assumptions used for the Plan.

	2018	2017	2016
Price inflation (RPI)	**3.1% p.a.**	3.2% p.a.	3.0% p.a.
Price inflation (CPI)	**2.1% p.a.**	2.2% p.a.	2.0% p.a.
Discount rate	**2.5% p.a.**	2.6% p.a.	3.5% p.a.
Pension increases in payment	**3.0% p.a.**	3.1% p.a.	2.9% p.a.
General salary increases	**n/a**	n/a	4.0% p.a.
Life expectancy of male aged 60 at balance sheet date	**28.3 years**	28.2 years	28.1 years
Life expectancy of male aged 60 in 20 years' time	**30.3 years**	30.2 years	30.1 years

Due to the complete matching offered by the insurance policy, any change in assumptions, including a fall in discount rate, increased inflation or longevity, is expected to have no impact upon the net balance sheet position.

18 Share capital

	2018 £'000	2017 £'000
Authorised		
1,078,671,534 (2017: 1,078,671,534) ordinary shares of £1 each	**1,078,672**	1,078,672
Issued and fully paid		
1,078,671,534 (2017: 1,078,671,534) ordinary shares of £1 each	**1,078,672**	1,078,672

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

19 Capital reserve

On 30 June 2010, the Company acquired 100% of the issued share capital of Cartier Limited and Montblanc (UK) Limited for no cash consideration. The Company's immediate parent, Richemont International Holding S.A., made a capital contribution equal to the fair value of each investment, which was recognised by the Company in a newly created capital reserve. The fair value of Cartier Limited at this date was £93,700,000 and the fair value of Montblanc (UK) Limited was £13,500,000. Both companies are existing fellow Richemont group subsidiaries incorporated and registered in the United Kingdom.

20 Special reserve

The special reserve arose on the cancellation of the minority unit holders' shares in the year ended 31 March 1998 and is not available for distribution.

21 Finance lease commitments – minimum lease payments

Gross finance lease liabilities	2018 Amounts payable £'000	2017 Amounts payable £'000
Within one year	**34**	34
Between two and five years	**149**	145
After five years	**32,196**	32,235
	32,379	32,414
Future interest charge on finance leases	**(31,271)**	(31,337)
Present value of finance lease obligation	**1,108**	1,077

The present value of finance lease liabilities is as follows:

Finance lease obligation	2018 £'000	2017 £'000
Current	-	-
Non-current	**1,108**	1,077
	1,108	1,077

22 Deferred taxation

The Company has a net deferred tax liability at the end of the reporting period. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2017: 17%). The total deferred tax liability provided is £nil (2017: £nil). The total unrecognised deferred tax asset is £6,133,000 (2017: £6,114,000).

	Not recognised		Provided / (recognised)	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed asset temporary differences	**(22)**	(14)	-	-
Unutilised trading losses	**(6,111)**	(6,100)	-	-
Total deferred tax	**(6,133)**	(6,114)	-	-

On 8 July 2015 the UK government announced that the corporation tax rate would reduce from 20% to 19% with effect from 1 April 2017 and sets it at this rate for the financial years beginning 1 April 2018 and 2019. The rate will then be reduced by a further 1% to 18% for the financial year beginning 1 April 2020.

On 16 March 2016, the UK government announced that the corporation tax rate would be reduced to 17% with effect from 1 April 2020.

In accordance with the requirement set out in IAS 12 'Income taxes', the tax rate of 17% (2017: 17%) is used as the basis for the calculation of deferred taxes stated.

23 Related party transactions

During the year, the Company entered into the following transactions with related parties:

Transactions with related party		Group loss relief £'000	Loan interest expense £'000	Management recharges £'000
Fellow subsidiaries	**2018**	**-**	**(8,154)**	**319**
Fellow subsidiaries	2017	450	(9,060)	319

Balances with related party		Receivable £'000	Payable £'000
Fellow subsidiaries	**2018**	**108,784**	**(339,525)**
Fellow subsidiaries	2017	**3,635**	(302,016)

The amounts owed by fellow group undertakings are disclosed in notes 12 and 13, and the amounts owed to fellow group undertakings are disclosed in notes 15 and 16.

The Company views the UK defined benefit plan as a related party and transactions entered into by the Company's subsidiaries are disclosed in note 17.

The Company has not entered into any other related party transactions as defined by IAS 24 'Related Party Disclosures'.

24 Ultimate controlling party

The Company is a wholly owned subsidiary of Richemont International Holding S.A. The Directors regard Compagnie Financière Richemont S.A., a listed company incorporated in Switzerland, to be the ultimate controlling party. Copies of the financial statements of Compagnie Financière Richemont S.A. are available from its registered office at 50 Chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland.

25 Post balance sheet events

There were no significant events after the balance sheet date.