

Mountain Warehouse Limited

**Directors' report and financial
statements**

Registered number 03417738

28 February 2010

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Directors' report

The directors present their annual report and the financial statements for the year ended 28 February 2010

Principal activity

The principal activity of the company is the retailing of clothing and equipment for outdoor pursuits

Business review

The profit before tax is £7,672,347 (2009 £5,556,256) The Board is satisfied with the growth shown during the year Sales grew by 51% and gross profit by 41% There were 94 stores at the end of the year (2009 64) The Board is confident in the future growth of the company and continues to roll out new stores during 2010 We have considered the facilities available to the group and are confident we have sufficient headroom going forward

Dividend

During the year the Company paid a dividend of £nil (2009 £nil)

Director and directors' interests

The directors who held office during the year were as follows

Mark Robert Neale
Shantelle Augier
Carl Deering
Marcus Ward

Political and charitable contributions

The company did not make any political or charitable donations or incurred any political expenditure during the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps that ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

M Ward
Director



3 Eccleston Street
London
SW1W 9LX



2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare these financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 the profit or loss of the company for that period. In preparing each of these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Mountain Warehouse Limited

We have audited the financial statements of Mountain Warehouse Limited for the year ended 28 February 2010 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Mountain Warehouse Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



AJ Sills (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

2 August 2010

Profit and loss account
for the year ended 28 February 2010

	<i>Note</i>	2010 £	2009 £
Turnover	<i>1</i>	46,748,433	30,988,554
Cost of sales		(18,579,222)	(10,986,068)
		<hr/>	<hr/>
Gross profit		28,169,211	20,002,486
Administration expenses		(20,485,699)	(14,477,604)
		<hr/>	<hr/>
Operating profit	<i>2</i>	7,683,512	5,524,882
Interest receivable		15,197	31,374
Interest payable and similar charges	<i>5</i>	(26,362)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2-5</i>	7,672,347	5,556,256
Taxation	<i>6</i>	(2,110,624)	(1,422,342)
		<hr/>	<hr/>
Profit for the financial year	<i>15</i>	5,561,723	4,133,914
		<hr/>	<hr/>

A statement of the movement on reserves is set out in note 15. There are no recognised gains or losses other than the profit for the year as stated above. The results derive entirely from continuing operations. The profit on ordinary activities before taxation is the historical cost profit.

Balance sheet
at 28 February 2010

	Note	2010	2009
		£	£
Fixed assets			
Intangible fixed assets	7	5,000	6,250
Tangible assets	8	5,011,624	3,824,295
Investments	9	60,000	60,000
		<u>5,076,624</u>	<u>3,890,545</u>
Current assets			
Stocks	10	6,557,149	5,535,396
Debtors	11	4,020,343	2,867,702
Cash at bank and in hand		7,649,874	4,671,907
		<u>18,227,366</u>	<u>13,075,005</u>
Creditors amounts falling due within one year	12	<u>(6,623,783)</u>	<u>(7,712,214)</u>
Net current assets		<u>11,603,583</u>	<u>5,362,791</u>
Total assets less current liabilities		<u>16,680,207</u>	<u>9,253,336</u>
Creditors amounts falling due after more than one year	13	(2,409,096)	(522,782)
Provision for liabilities – deferred tax		-	(21,166)
Net assets		<u>14,271,111</u>	<u>8,709,388</u>
Capital and reserves			
Called up share capital	14	1,360,000	1,360,000
Profit and loss account	15	12,911,111	7,349,388
Shareholders' funds		<u>14,271,111</u>	<u>8,709,388</u>

These financial statements were approved by the board of directors on 27 July 2010 and were signed on its behalf by

M Ward
Director



Reconciliation of movements in shareholders' funds
for the year ended 28 February 2010

	2010 £	2009 £
Profit for the financial year	5,561,723	4,133,914
Net addition to shareholders' funds	5,561,723	4,133,914
Opening shareholders' funds	8,709,388	4,575,474
Closing shareholders' funds	14,271,111	8,709,388

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules

The company is a wholly owned subsidiary of the Mountain Warehouse Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

The Board has prepared a working capital forecast based upon assumptions as to future trading. Based upon these projections the facility available and its cash balances, the Board has concluded that the Company has adequate working capital and that therefore it is appropriate to use the going concern basis of preparation for these financial statements

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised. Purchased goodwill is amortised to nil by equal instalments over its estimated useful life

Fixed assets and depreciation

Depreciation is provided to write-off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Fixtures and fittings - 5 years

Foreign currencies

Transactions in foreign currencies are recorded using a standard rate of exchange which is reviewed and updated regularly. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated by the methods stated above. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Any incentives received to sign lease agreements have been spread over the duration of the term of the lease in accordance with UITF Abstract 28

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period

2 Profit on ordinary activities before taxation

<i>Profit on ordinary activities is stated after charging</i>	2010 £	2009 £
Fees paid to auditor for audit of the company's accounts	13,000	13,000
Fees paid to auditor for other services – tax services	2,750	2,750
Depreciation owned assets	1,180,696	774,961
Amortisation of goodwill	1,250	1,250
	<u> </u>	<u> </u>

3 Remuneration of directors

	2010 £	2009 £
Directors' emoluments	<u>458,500</u>	<u>424,375</u>

The emoluments of the highest paid director were £140,000 (2009 £140,000)

Notes (continued)

4 Staff numbers and cost

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2010	2009
Sales and administration	649	411
	<u>649</u>	<u>411</u>

The aggregate payroll costs of these persons was as follows

	2010	2009
	£	£
Wages and salaries	6,161,053	4,109,345
Social security costs	384,510	261,054
	<u>6,545,563</u>	<u>4,370,399</u>

5 Interest payable and similar charges

	2010	2009
	£	£
Interest paid and payable	26,362	-
	<u>26,362</u>	<u>-</u>

Notes (continued)

6 Taxation

	2010 £	2009 £
<i>UK Corporation tax</i>		
Current tax on income for the year	2,177,790	1,326,120
Deferred tax		
- Current year	(43,094)	28,318
- Prior year	(24,072)	67,904
	<u>2,110,624</u>	<u>1,422,342</u>

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK (28% (2009 28 %)) The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	7,672,347	5,556,256
	<u>7,672,347</u>	<u>5,556,256</u>
Current tax at 28% (2009 28%)	2,148,257	1,555,752
Effects of		
Group relief receivable	(119,650)	(251,712)
Expenses/not deductible for tax purposes and ineligible depreciation	106,435	106,751
Differences between capital allowances and depreciation	42,748	(28,318)
Non-taxable income	-	(56,353)
	<u>2,177,790</u>	<u>1,326,120</u>
Current tax charge (see above)	2,177,790	1,326,120

Deferred tax balances relate to fixed asset timing differences The year end balance was an asset of £46,000 (2009 Liability of £21,166)

Notes (continued)

7 Intangible fixed assets

Goodwill	£
<i>Cost</i>	
At beginning of year	25,000
Additions	-
	<hr/>
At end of year	25,000
	<hr/>
<i>Amortisation</i>	
At beginning of year	18,750
Charge for year	1,250
	<hr/>
At end of year	20,000
	<hr/>
<i>Net book value</i>	
At 28 February 2010	5,000
	<hr/>
At 28 February 2009	6,250
	<hr/>

8 Tangible fixed assets

Company	Fixtures And Fittings £
<i>Cost</i>	
At beginning of year	6,548,645
Additions	2,381,548
Disposals	(74,961)
	<hr/>
At end of year	8,855,232
	<hr/>
<i>Depreciation</i>	
At beginning of year	2,724,350
Charge for year	1,180,696
Disposals	(61,438)
	<hr/>
At end of year	3,843,608
	<hr/>
<i>Net book value</i>	
At 28 February 2010	5,011,624
	<hr/>
At 28 February 2009	3,824,295
	<hr/>

Notes (continued)

9 Investments

	Subsidiary Undertaking £
<i>Cost</i>	
At beginning and end of the year	60,000

The companies in which the company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Mountain Warehouse Handelgesellschaft GmbH	Austria	Retail clothing and equipment for outdoor pursuits	Ordinary 100%
Mountain Warehouse sro	Czech Republic	Dormant	Ordinary 90%

10 Stocks

	2010	2009
	£	£
Finished goods and goods for resale	6,557,149	5,535,396

The Company's year end stock and accruals balances include £1,852,278 (2009 £1,126,000) in respect of stock in transit

11 Debtors

	2010	2009
	£	£
Amounts owed by immediate parent entity	2,520,628	2,520,628
Prepayments and deferred income	1,350,672	259,318
Other debtors	103,043	87,756
Deferred tax asset	46,000	-
	4,020,343	2,867,702

Amounts owed by immediate parent entity are receivable after more than one year

Notes (continued)

12 Creditors amounts falling due within one year

	2010 £	2009 £
Amounts owed to ultimate parent undertaking	657,338	1,634,787
Amounts owed to subsidiary undertaking	253,776	94,373
Trade creditors	593,079	660,981
Accruals and deferred income	3,200,227	3,148,710
Corporation tax	1,416,210	1,312,301
Other taxes and social security	503,153	861,060
	<u>6,623,783</u>	<u>7,712,214</u>

13 Creditors amounts falling due after more than one year

	2010 £	2009 £
Accruals and deferred income	<u>2,409,096</u>	<u>522,782</u>

14 Share capital

	2010 £	2009 £
<i>Allotted and called up paid</i>		
Ordinary shares of £1 each	<u>1,360,000</u>	<u>1,360,000</u>

15 Reserves

	Profit and loss account £
At beginning of year	7,349,388
Profit for the financial year	<u>5,561,723</u>
At end of year	<u>12,911,111</u>

Notes (continued)

16 Parent undertakings and related parties

The Company's immediate parent undertaking is Mountain Warehouse Holdings Limited, a company incorporated in England and Wales. The Mountain Group Limited a company incorporated in England and Wales and is the Ultimate Parent Company. The Company has taken advantage of the exemption from reporting intra-group transactions available under FRS 8.

17 Related party transactions

The following table summarises those disclosures for transactions between the company and related parties during the year to 28 February 2010.

Related Party	Relationship	Type of Transaction	Received	Paid	Due from/(to) at 28 February 2010
Ewa Deering	Director's Spouse	Recruitment Services	-	£39,734	-
Simon Neale	Director's Brother	Web design Consultancy	-	-	(£16,667)

18 Contingent liabilities

All of the company's assets form part of the security given in respect of loans in the company's ultimate parent entity, The Mountain Group Limited.

19 Commitments

Lease commitments at the end of the financial year are as follows:

	2010 Land & Buildings £	Other £	2009 Land & Buildings £	Other £
<i>Operating leases which expire</i>				
Within one year	1,308,735	5,706	697,799	1,852
In the second to fifth years inclusive	1,414,812	17,858	2,081,204	10,785
Over five years	4,777,095	-	1,875,031	-
	<u>7,500,642</u>	<u>23,564</u>	<u>4,654,034</u>	<u>12,637</u>