Richemont UK Limited
(Registered Number: 3484692)

Annual Report
For the year ended 31 March 2013

Richemont UK Limited

Annual report for the year ended 31 March 2013

Richemont UK Limited

Directors and Advisors

Directors

Mr Arnaud Bamberger	(Managing Director)
Mr Greig Catto	(Finance Director and Secretary)

Registered Office

175-177 New Bond Street
London
W1S 4RN

Independent Auditors

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

Richemont UK Limited

Directors' Report for the year ended 31 March 2013

The directors submit their report and the audited financial statements of Richemont UK Limited ('the Company') for the year ended 31 March 2013

Principal activities

Richemont UK Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006

The principal activities of the Company are the sale of jewellery and other luxury goods through its own boutiques in London and acting as agents for the distribution of watches to an authorised dealer distribution network in the United Kingdom and Ireland

Review of business and future developments

During the year, the company made a profit after tax of £3,492,000 (2012 £4,055,000) The Income Statement is set out on page 7 The Directors consider the position of the Company to be satisfactory at the year end

The future results are in part dependant on the strategy of the Richemont group (Compagnie Financière Richemont SA) as a whole Details can be found on the Richemont website (www richemont com)

Dividends

No dividend has been declared nor paid in respect of the year (2012 nil)

Principal risks and uncertainties

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

The key business risks and uncertainties affecting the Company are considered to relate to competition from both national and independent retailers, employee retention, and product availability However, the directors of the Richemont Group manage the group's risk at a brand level rather than at an individual business unit level Further discussion of these risks and uncertainties, in the context of the Richemont Group as a whole, is provided on the Richemont website (www richemont com)

Key performance indicators

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

Richemont UK Limited

Directors' Report for the year ended 31 March 2013 (continued)

Directors and their interests

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

Mr Arnaud Bamberger (Managing Director)
Mr Greig Catto (Finance Director and Secretary)

During the year, no director had a material interest in any contract that was significant in relation to the Company's business

During the year qualifying third party indemnity provisions were in force for the benefit of the two (2012 two) directors of the Company

Environmental policy

The Company is committed to monitoring and improving environmental performance in all aspects of its business activities The Company has established and implemented an environmental policy, which takes account of good environmental practice in managing the business

Donations

Contributions made by the company during the year for a variety of charitable purposes amounted to £1,730 (2012 £37,440) No contributions for political purposes were made during the year (2012 £nil)

Post balance sheet events

There are no post balance sheet events requiring disclosure

Policy and practice on payment of creditors

The Company generally makes payment to its creditors in accordance with agreed terms of business provided that those terms have been met It is the policy of the Company that all invoices are paid at the end of the month following the month in which the invoice is received unless separate terms of business have been agreed with a particular supplier

The total amount of the Company's trade creditors falling due within one year represents 23 days (2012 21 days) worth as a proportion of the total amount invoiced by suppliers during the year ended on that date (excluding inter company trade creditor balances)

Richemont UK Limited

Directors' Report for the year ended 31 March 2013 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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

Statement of disclosure of information to auditors

Each director in office at the date of approval of this directors' 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

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

By Order of the Board

Mr Greig Catto
Secretary

19 November 2013

Richemont UK Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RICHEMONT UK LIMITED

We have audited the financial statements of Richemont UK Limited for the year ended 31 March 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit 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

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 RICHEMONT UK 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

Simon Morley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 November 2013

Richemont UK Limited

Statement of Comprehensive Income for the year ended 31 March

	Note	2013 £'000	2012 Restated £'000
Revenue		**65,476**	68,398
Cost of goods sold		**(41,976)**	(43 346)
Gross profit		**23,500**	25,052
Selling and distribution costs		**(22,146)**	(18,347)
Administrative expenses		**(1,277)**	(988)
Other operating income	4	**5,152**	298
Operating profit	5	**5,229**	6,015
Finance costs	7	**(74)**	(47)
Profit before taxation		**5,155**	5,968
Taxation	8	**(1,663)**	(1,913)
Profit for the year		**3,492**	4,055
Other comprehensive income:			
Defined benefit plan actuarial (losses)/gains		(16)	3
Tax on defined benefit plan actuarial (losses)/gains		4	(1)
Other comprehensive income net of tax		(12)	2
Total comprehensive income		**3,480**	4,057

The notes on pages 11 to 30 form an integral part of these financial statements

All operations are continuing

Richemont UK Limited

Balance Sheet as at 31 March

	Note	**2013** **£'000**	2012 Restated £'000	2011 Restated £'000
Non-current assets				
Property, plant and equipment	9	**1,970**	2,620	1,701
Intangible assets	10	**4,223**	2,230	2,712
Deferred tax asset	8	**461**	385	175
Total non-current assets		**6,654**	5,235	4,588
Current assets				
Inventories	11	**17,013**	21,066	14,257
Trade and other receivables	12	**5,906**	6,761	4,762
Cash and cash equivalents	13	**7,965**	3,153	5,637
Total current assets		**30,884**	30,980	24,656
Current liabilities				
Bank overdraft	13	**(31)**	(13)	(11)
Trade and other payables	14	**(10,244)**	(12,395)	(10,176)
Provisions for liabilities and charges	15	**(119)**	(144)	(203)
Corporation tax liability	8	**(1,758)**	(2,025)	(1,468)
Total current liabilities		**(12,152)**	(14,577)	(11,858)
Net current assets		**18,732**	16,403	12,798
Total assets less current liabilities		**25,386**	21,638	17,386
Non-current liabilities				
Provisions for liabilities and charges	15	**(483)**	(300)	(214)
Retirement benefit obligation	17	**(171)**	(139)	(110)
Total non-current liabilities		**(654)**	(439)	(324)
Net assets		**24,732**	21,199	17,062
Capital and reserves				
Called up share capital	18	**14,200**	14,200	14,200
Share option reserve		**388**	335	255
Retained earnings		**10,144**	6,664	2,607
Total capital and reserves		**24,732**	21,199	17,062

Registered Number 3484692

The financial statements on pages 7 to 30 were approved by the Board of Directors on 19 November 2013 and were signed on its behalf by

Mr A M Bamberger
Director

Richemont UK Limited

Statement of Changes in Shareholders' Equity

	Share capital £'000	Share option reserve* £'000	Retained earnings £'000	Total £'000
At 31 March 2011 as previously reported	14,200	255	2,600	17,055
Impact of change in IAS 19	-	-	9	9
Tax effect of the change in IAS 19	-	-	(2)	(2)
At 1 April 2011 restated	14,200	255	2,607	17,062
Defined benefit plan actuarial losses	-	-	3	3
Tax on defined benefit plan actuarial losses	-	-	(1)	(1)
Profit for the year	-	-	4,055	4,055
Value of employee services	-	80	-	80
At 31 March 2012 restated	14,200	335	6,664	21,199
Profit for the year	-	-	3,492	3,492
Defined benefit plan actuarial losses	-	-	(16)	(16)
Tax on defined benefit plan actuarial losses	-	-	4	4
Value of employee services	-	53	-	53
At 31 March 2013	**14,200**	**388**	**10,144**	**24,732**

* 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 Company's employees The share option reserve is not distributable

The notes on pages 11 to 30 form an integral part of these financial statements

Richemont UK Limited

Statement of Cash Flows for the year ended 31 March

	Note	2013 £'000	2012 Restated £'000
Cash flows from operating activities			
Cash inflow from operations	19	**9,552**	756
Finance costs		**(74)**	(47)
Taxation paid		**(2,002)**	(1,568)
Net cash generated from/(used in) operating activities		**7,476**	(859)
Cash flows from investing activities			
Purchases of property, plant and equipment	9	**(508)**	(1,626)
Purchases of intangible assets	10	**(2,731)**	(1)
Proceeds from sale of tangible assets		**557**	-
Net cash used in investing activities		**(2,682)**	(1,627)
Cash flows from financing activities			
Dividend paid		**-**	-
Net cash used in financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		**4,794**	(2,486)
Cash and cash equivalents at 1 April	13	**3,140**	5,626
Cash and cash equivalents at 31 March	13	**7,934**	3,140

The notes on pages 11 to 30 form an integral part of these financial statements

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2013

1 Basis of preparation

(a) General information and basis of preparation

These financial statements are the financial statements of Richemont UK Limited, a private limited company registered and domiciled in the United Kingdom The address of the registered office is 175-177 New Bond Street, London, W1S 4RN

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The principal accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied to all years presented unless otherwise stated

The Company has early adopted IAS19 Employee Benefits (2011) Application has been applied retrospectively in accordance with the transition provisions The opening financial position at the earliest comparative period presented, 1 April 2011, has been re-presented The most significant changes relate to accounting for changes in defined benefit obligations and plan assets and are to eliminate the corridor approach and require all actuarial gains and losses to be recognised through other comprehensive income as incurred, to replace the estimated return on plan assets with a net interest amount determined by applying the discount rate to the net benefit asset/liability, and to recognise all past service costs immediately

These financial statements have been prepared under the historical cost convention The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates The areas involving a higher degree of judgement and significant estimates are disclosed in note 2

The financial statements are prepared on a going concern basis

(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 at the date of the transaction 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 income statement

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 premiums

Premiums paid to parties other than the lessor at the inception of operating leases for leasehold buildings are capitalised and amortised over their expected useful lives or, if shorter, the lease period

(d) Property, plant and equipment

All property, plant and equipment is shown at cost less accumulated 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 Income Statement during the financial year 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 less its estimated residual value over its estimated useful life, up to the limits of, as follows

- Leasehold improvements	the shorter of 10 years or the life of the lease
- Motor vehicles	4 years
- Office equipment	10 years
- Fixtures and fittings	10 years
- Point of sale fixtures	3 years

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

Assets under construction relate to boutique fittings under installation, which are depreciated from when installation is completed

Gains and losses on disposals are determined by comparing proceeds with the carrying value

(e) Impairment of assets

All property, plant 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 Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses Cost is determined using either a weighted average cost, specific identification or the 'first-in, first-out' (FIFO) method depending on the nature of the inventory The cost of finished goods and work in progress comprises raw materials, direct labour, related production overheads and, where applicable, duties and taxes

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value 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 quantum 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 amount of the provision is recognised in the Income Statement

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at banks, less bank overdrafts, which are classified as current liabilities and are stated at fair value There are no other borrowings

(i) Current and deferred income tax

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 consolidated 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 Balance Sheet date 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

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

1 Basis of preparation (continued)

(j) Employee benefits

Retirement benefit obligations

The Company is a participating employer in the Richemont UK Pension Plan, which provides defined benefits The Plan's funds are administered by trustees and are independent of the Company's finances Contributions are paid to the Plan in accordance with the recommendations of an independent actuarial advisor

The total pension cost for the year, calculated in accordance with IAS19 Employee Benefits (2011), 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 at 31 March 2010 (the most recent valuation of the Plan) on the IAS19 assumptions at that date Actuarial gains and losses are recognised immediately through Other Comprehensive Income

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

Bonus plans

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation

(k) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date The impact of discounting on provisions is immaterial

(l) Revenue recognition

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

The commissions receivable on sales procured as agents are recognised as other operating income in the same period that those sales are recognised by the fellow Richemont Group companies

1 Basis of preparation (continued)

(m) Interest income

Interest income is recognised using the effective interest method

(n) Leases

The Company leases certain property, plant and equipment All of the leases for which the Company is the lessee are accounted for as operating leases as a significant portion of the risks and rewards of ownership are retained by the lessor Payments made under operating leases (net of any incentives received) are charged to the Income Statement on a straight-line basis over the lease term

(o) Share-based payments

The Company's ultimate parent company, Compagnie Financière Richemont SA, operates an equity-settled share-based compensation plan based on options granted in respect of Richemont units The fair value of the employee services received in exchange for the grant of options is recognised as an expense by Cartier Limited 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 Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable At each balance sheet date, the Richemont Group revises its estimate of the number of options that are expected to vest It recognises the impact of the revision of original estimates, if any, in the Income Statement over the remaining vesting period and a corresponding adjustment to equity

(p) Trade payables

Trade payables are initially recognised at fair value

(q) Share capital

Ordinary shares are classified as equity

(r) Dividend distribution

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

2 Critical accounting estimates and judgements

The company is required to make estimates and assumptions that affect certain Balance Sheet and Statement of Comprehensive Income items and certain disclosures regarding contingencies Estimates and judgements applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the financial statements Principal matters where assumptions, judgement and estimates have a significant role relate in particular to

- the determination of sales deductions, including rebates, returns, discounts and incentives, which are reported as a reduction in sales,
- the determination of carrying values for property, plant and equipment and inventories,
- the assessment and recording of liabilities in respect of retirement benefit obligations, and
- the recognition of provision for income taxes, including deferred taxation, taking into account the related uncertainties in the normal course of business

3 Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk

Price risk
The Company is not exposed, materially, to commodity price risk as generally purchases are intra-Group Any exposure to commodity price risk is therefore managed by the Richemont Group

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

Liquidity risk
The Company maintains a mixture of cash balances and overdrafts that are designed to ensure the Company has sufficient funds available for operations and planned expansions

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 and cash equivalents with credit institutions is managed by the Richemont Group

Foreign exchange risk
The Company has limited exposure 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 The Company does not seek to hedge this exposure

4 Other operating income

Other operating income represents commissions received from fellow Richemont Group companies for sales procured as agents as well as costs for the provision of services recharged to fellow Richemont Group companies

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

5 Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging/(crediting)		
Operating lease rentals – office equipment	**21**	14
Operating lease rentals - other	**6,001**	4,402
Employee benefit expenses	**6,638**	5,386
Depreciation of property, plant and equipment	**601**	707
Amortisation of leasehold property	**738**	479
Loss on disposal of intangible assets	**-**	4
Repairs and maintenance expenditure on property, plant and equipment	**116**	114
Inventory – net movement in provision	**(380)**	(10)
Trade receivables – net movement in provision	**(1)**	17

The auditors' remuneration of £24,000 (2012 £24,000) is borne by Richemont UK Limited's parent company, Cartier Limited

6 Employee benefits and other information

The average number of persons employed during the year was as follows -

	2013 Number	2012 Number
Selling	**78**	65
Administration	**38**	32
	116	97

Their aggregate compensation was as follows -

	2013 £'000	2012 £'000
Gross wages, salaries and commissions	**5,693**	4,565
Social security costs	**663**	533
Share-based payment awards (note 17)	**53**	80
Pension cost– defined benefit (note 18)	**156**	152
Other pension costs – defined contribution (note 18)	**73**	56
	6,638	5,386

The directors received no emoluments in respect of their services to Richemont UK Limited (2012 £nil)

7 Finance costs

	2013 £'000	2012 £'000
Finance costs:		
Interest payable on bank loans and overdrafts	**31**	27
Net foreign exchange losses	**33**	11
Other finance costs	**10**	9
Finance costs	**74**	47

8 Taxation

Analysis of charge in the year	2013 £'000	2012 £'000
Current tax - continuing operations		
- UK corporation tax on profits for the year	**1,758**	2,025
- Adjustments in respect of prior years	**(21)**	100
Total current tax	**1,737**	2,125
Deferred tax		
- Origination and reversal of temporary differences	**(105)**	(101)
- Previously unrecognised deferred tax assets assessed as recoverable at the end of the year	**-**	-
- Adjustments in respect of prior years	**15**	(135)
- Effect of decreased tax rate on opening balance	**16**	24
Total deferred tax credit	**(74)**	(212)
Total tax charge	**1,663**	1,913

There is a taxation charge of £1,663,000 for the current year (2012 £1,913,000)

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

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

8 Taxation (continued)

The total tax charge is reconciled to the profit before tax at the standard rate of UK corporation tax below

	2013 £'000	2012 £'000
Profit before taxation	**5,155**	5,968
United Kingdom corporation tax on profit for the year at 24% (2012 26%)	**1,237**	1,552
Effects of		
Expenses not deductible for tax purposes	**479**	388
Group relief claimed	**(1,758)**	(2,025)
Consideration paid for losses claimed as group relief	**1,758**	2,025
Tax benefit of share options exercised	**(68)**	(24)
Adjustments in respect of prior years	**(5)**	(35)
Effect of change in rates	**20**	32
Tax charge	**1,663**	1,913

There is a net deferred tax asset at the balance sheet date The asset has been recognised to the extent that it is considered to be recoverable in the foreseeable future Deferred tax temporary differences are calculated under the liability method using a tax rate of 23% (2012 24%) The total recognised deferred tax asset is £461,000 (2012 £388,000) The asset is made up of -

	2013 £'000	2012 £'000 Restated	2011 £'000 Restated
Property, plant and equipment and intangible assets temporary differences	**363**	311	89
Other temporary differences	**98**	74	86
Recognised deferred tax asset	**461**	385	175

Legislation has been introduced in the Finance Bill 2013 to reduce the main rate of tax to 21% from 1 April 2014 and to 20% from 1 April 2015 This was enacted after the balance sheet date, therefore did not take effect in this accounting period

9 Property, plant and equipment

	Motor vehicles £'000's	Point of sale fixtures £'000's	Assets under construction £'000's	Office equipment £'000's	Leasehold improvements £'000's	Total £'000's
Cost						
At 1 April 2012	45	760	27	45	5,038	5,915
Additions	-	55	223	14	216	508
Reclassification	-	(2)	(21)	(1)	24	-
Disposals	(45)	(748)	-	-	(131)	(924)
At 31 March 2013	**-**	**65**	**229**	**58**	**5,147**	**5,499**
Accumulated depreciation						
At 1 April 2012	35	193	-	42	3,025	3,295
Charge for the year	-	122	-	-	479	601
Disposals	(35)	(250)	-	-	(82)	(367)
At 31 March 2013	**-**	**65**	**-**	**42**	**3,422**	**3,529**
Net book value						
At 31 March 2013	**-**	**-**	**229**	**16**	**1,725**	**1,970**
At 31 March 2012	10	567	27	3	2,013	2,620

9 Property, plant and equipment (continued)

	Motor vehicles £'000's	Point of sale fixtures £'000's	Assets under construction £'000's	Office equipment £'000's	Leasehold improvements £'000's	Total £'000's
Cost						
At 1 April 2011	45	127	20	42	4,055	4,289
Additions	-	633	288	3	702	1,626
Reclassification	-	-	(281)	-	281	-
Disposals	-	-	-	-	-	-
At 31 March 2012	**45**	**760**	**27**	**45**	**5,038**	**5,915**
Accumulated depreciation						
At 1 April 2011	31	66	-	40	2,451	2,588
Charge for the year	4	127	-	2	574	707
Disposals	-	-	-	-	-	-
At 31 March 2012	**35**	**193**	**-**	**42**	**3,025**	**3,295**
Net book value						
At 31 March 2012	**10**	**567**	**27**	**3**	**2,013**	**2,620**
At 31 March 2011	14	61	20	2	1,604	1,701

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Notes to the financial statements for the year ended 31 March 2013 (continued)

10 Intangible assets

	Leasehold premiums	Software	Total
	£'000	£'000	£'000
Cost at 1 April 2012	5,464	3	5,467
Additions	2,731	-	2,731
Cost at 31 March 2013	**8,195**	**3**	**8,198**
Accumulated amortisation at 1 April 2012	3,234	3	3,237
Charge for year	738	-	738
Accumulated amortisation at 31 March 2013	**3,972**	**3**	**3,975**
Net book value at 31 March 2013	**4,223**	**-**	**4,223**
Net book value at 31 March 2012	2,230	-	2,230

	Leasehold premiums	Software	Total
	£'000	£'000	£'000
Cost at 1 April 2011	5,463	7	5,470
Additions	1	-	1
Disposals	-	(4)	(4)
Cost at 31 March 2012	**5,464**	**3**	**5,467**
Accumulated amortisation at 1 April 2011	2,755	3	2,758
Charge for year	479	-	479
Accumulated amortisation at 31 March 2012	**3,234**	**3**	**3,237**
Net book value at 31 March 2012	**2,230**	**-**	**2,230**
Net book value at 31 March 2011	2,708	4	2,712

11 Inventories

	2013	2012
	£'000	£'000
Finished goods	**17,013**	21,066

The above amounts are net of provisions

12 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	**3,032**	4,484
Less provision for impairment	**(22)**	(23)
	3,010	4,461
Amounts owed by Group undertakings	**1,007**	334
Other taxes	**-**	446
Other receivables	**1,000**	907
Prepayments and accrued income	**889**	613
	5,906	6,761

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values The past due but not impaired receivables are deemed to be recoverable as there is no history of default The other classes of receivables do not contain impaired assets Other receivables are primarily amounts owed by credit card issuers

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

The carrying amounts of trade receivables denominated in Euros are £13,685 (2012 £22,562) There are no other significant foreign currency receivables

Ageing of trade receivables

	2013 £'000	2012 £'000
Not overdue	**2,899**	4,450
Past due less than three months	**68**	-
Past due between three months and six months	**44**	31
Past due more than six months	**21**	3
Impairment provision for trade receivables	**(22)**	(23)
	3,010	4,461

	2013 £'000	2012 £'000
At 1 April of prior year	**23**	6
Increase in provision for receivables impairment	**-**	17
Unused amount reversed	**(1)**	-
At 31 March	**22**	23

13 Cash and cash equivalents

	2013 £'000	2012 £'000
Cash at bank and on hand	**7,965**	3,153
Bank overdraft	**(31)**	(13)
	7,934	3,140

14 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	**1,194**	864
Amounts owed to Group undertakings	**5,849**	9,120
Other payables	**1,557**	1,256
Other taxes and social security	**218**	-
Accruals and deferred income	**1,426**	1,155
	10,244	12,395

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

15 Provisions for liabilities and charges

	Warranty & sales return £'000	Employee benefits £'000	Social security on share options £'000	Total £'000
At 1 April 2012	144	27	273	444
Provided during the year	48	124	118	290
Utilised during the year	(132)	-	-	(132)
At 31 March 2013	60	151	391	602

Analysis of total provisions:

	2013 £'000	2012 £'000
Current portion	**119**	144
Non-current portion	**483**	300
	602	444

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 £60,000 (2012 £144,000) has been recognised It is anticipated that the provisions will be utilised within one year

15 Provisions for liabilities and charges (continued)

Employee benefits provision
These include social security charges on the Compagnie Financière Richemont SA share-based compensation plan It is anticipated that the provisions will be utilised within 5 years

16 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 stock 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 movement 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 2011	21 38	94 097
Net transfer from other Group entities	21 86	(284)
Balance at 31 March 2012	21 33	93 813
Exercised	23 24	(10 409)
Balance at 31 March 2013	21 10	83 404

Options in respect of 47,898 shares were exercisable at 31 March 2013 (2012 43,420)

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 2013	CHF 14 45	8,581	0 2 years
	CHF 18 01	20,613	1 2 years
	CHF 23 18	12,598	2 2 years
	CHF 32 79	3,816	3 2 years
	CHF 21 20	18,320	4 2 years
	CHF 23 55	19,476	5 2 years
31 March 2012	CHF 14 45	11,354	1 2 years
	CHF 18 01	20,613	2 2 years
	CHF 23 18	14,888	3 2 years
	CHF 32 79	6,872	4 2 years
	CHF 21 20	20,610	5 2 years
	CHF 23 55	19,476	6 2 years

16 Share option scheme (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

	2013	2012
	£'000	£'000
Share option expense	53	80

As a result of the de-twinning of the Richemont units in October 2008, certain executives holding vested options over the old CFR units were granted vested options over shares in a UK listed entity and a Luxembourg listed entity These options are fully hedged by shares held in the listed entities Both the option liability and the shares are recognised at fair value through profit or loss in the entity awarding the options, namely Richemont Employee Benefits Ltd , a company registered in Jersey The total value of the option liability as recognised in the consolidated balance sheet of Compagnie Financière Richemont SA was €33 million

17 Retirement benefit obligations

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 entities that participate in the Plan

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

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

The Company's assets and obligations relating to the Plan are calculated in accordance with its share of the obligations in the Plan as at 31 March 2010 (the most recent valuation of the Plan) on the IAS19 assumptions at that date The key accounting figures for the Company are as follows

	2013	2012
	£'000	£'000
		Restated
Balance sheet liability at 1 April	**(139)**	(110)
Pension cost	**(156)**	(152)
Company contribution	**140**	120
Other Comprehensive Income	**(16)**	3
Balance sheet liability at 31 March	**(171)**	(139)

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

Defined contribution plans

Pension costs for defined contribution schemes are as follows

	2013	2012
	£'000	£'000
Defined contribution schemes	**73**	56

18 Share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid.		
14,200,000 (2012 14,200,000) ordinary shares of £1 each	**14,200**	14,200

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

19 Cash flows from operating activities

Reconciliation of profit to net cash inflow from operating activities:-

	2013 £'000	2012 £'000
Profit before tax	**5,155**	5,968
Adjustments for		
Depreciation	**601**	707
Amortisation of intangibles	**738**	479
Loss on disposal of intangible assets	**-**	4
Finance costs	**74**	47
Pension contribution below pension charge	**16**	32
Non-cash share based compensation charge	**53**	80
Changes in working capital		
Decrease/(increase) in inventories	**4,053**	(6,808)
Decrease/(increase) in trade and other receivables	**855**	(1,999)
(Decrease)/increase in trade and other payables	**(2,151)**	2,219
Increase in provisions	**158**	27
Cash inflow from continuing operations	**9,552**	756

20 Capital commitments

Capital commitments authorised and contracted for at 31 March 2013 amounted to £905,000 (2012 £nil) Capital commitments authorised but not contracted for at that date amounted to £nil (2012 £nil)

21 Contingent liabilities and guarantees

The Company has granted indemnities to banks totalling £1,000,000 (2012 £1,000,000) in respect of the operation of a deferment guarantee arrangement with HMRC

Richemont UK Limited

Notes to the financial statements for the year ended 31 March 2013 (continued)

22 Operating lease commitments

At 31 March 2013 the Company had minimum commitments under non-cancellable operating leases expiring as follows -

Property	**2013**	2012
	£'000	£'000
Not later than one year	**3,946**	3,186
Later than one year and not later than five years	**7,408**	6,820
Later than five years	**19,657**	19,950
	31,011	29,956

Other	**2013**	2012
	£'000	£'000
Not later than one year	**85**	48
Later than one year and not later than five years	**88**	35
Later than five years	**-**	-
	173	83

The Company has in place arrangements with two lessors which provide for rent on four retail premises to be determined according to the level of retail turnover in those premises subject to a minimum annual rent included in the figures above

23 Related party transactions

	2013	2012
	£'000	£'000
Sales of goods to related parties		
Fellow group undertakings	**1,082**	129
Group Directors	**21**	-
Sales of services to related parties		
Fellow group undertakings	**5,639**	419
Purchase of goods from related parties		
Fellow group undertakings	**46,986**	48,843
Purchase of services from related parties		
Fellow group undertakings	**291**	412

Sales and purchases to and from fellow group undertakings were carried out on commercial terms and at market prices

23 Related party transactions (continued)

Year end balances arising from sales, purchases of goods and services and financing activities are as follows

	2013	2012
	£'000	£'000
Receivables from related parties		
Fellow group undertakings	**1,007**	334
Payables to related parties		
Fellow group undertakings	**5,849**	9,120

No provision has been recognised in respect of impairment of the above receivables

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 Disclosures in respect of the remuneration of directors are located in note 6 to the financial statements This does not include share options, details of which are disclosed in note 16

24 Ultimate and immediate holding company

The Company is a wholly owned subsidiary of Cartier Limited, a company registered in England and Wales

The Directors regard Compagnie Financière Richemont SA, a limited company incorporated in Switzerland, to be the ultimate parent company Shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purposes of IAS 24, is regarded by the Directors as the controlling party 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