Registered number: 03484692

RICHEMONT UK LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

RICHEMONT UK LIMITED

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RICHEMONT UK LIMITED

COMPANY INFORMATION

Directors	Rupert John Brooks Sheila Mary Henderson Olivier Percetti (appointed 16 September 2019)
Company secretary	Rupert Brooks
Registered number	03484692
Registered office	15 Hill Street London W1J 5QT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The Directors present their Strategic Report for the year ended 31 March 2020.

Principal activities

Richemont UK Limited (the "Company") 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, watches, leather goods, clothing, writing instruments and other luxury goods through its retail, online retail and wholesale distribution channels and provides after-sales service for its products as well as acting as agents for the distribution of watches to an authorised dealer distribution network in the United Kingdom and Ireland.

Business review

During the year, the Company made a loss for the financial year of £28,799,000 (2019 Profit: £6,017,000). Following an impairment review, the value of Leasehold improvements has been impaired by £4,317,511 (2019: Nil) and Right Of Use assets by £32,513,988.
The Statement of Comprehensive Income is set out on page 10. The net assets as at the 31st March 2020 were £26,119,000 (2019 – £54,831,000). The Directors consider the position of the Company to be satisfactory at the year-end.

The future results are in part dependent on the strategy of the Richemont group (Compagnie Financière Richemont SA) as a whole. Details can be found in the Business Review section of the Richemont Group Annual Report and Accounts.

Richemont UK Limited will continue to follow its strategy in elevating the Maisons as leading luxury destinations. Richemont UK Limited will continue to distribute its products, focusing its expansion in the United Kingdom and Ireland. Stores are continuously being revamped to express the brands vision. In 2021, the strategy will continue to focus on fewer pillars where sales continue to grow and there will be a concentration to return overall sales to pre Covid-19 levels by a focus on e-commerce.

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 within note 4 of the Richemont Group Annual Report and Accounts.

The directors do not consider that the implementation of Brexit will impact the going concern of the entity and measures have be taken to comply with any new customs regulations. The directors continue to monitor regulations as they are introduced.

Restrictions in trading, due to Covid-19, have reduced the company's sales revenue, however online trading will continue to minimise lost sales. Boutiques, under government rules, remained closed for a large part of 2020 and are expected to reopen in the summer of 2021.

The financial risk management of the Company is outlined in Note 4 to the financial statements.

Impact of the Covid-19 outbreak
At the date of these financial statements, the impact and duration of the current Covid-19 outbreak and the related measures taken to control it, including the likelihood of a global recession, are unknown. In preparing these financial statements, the short-term impact on items has been fully considered. The valuations of financial assets and liabilities carried at fair value reflect inputs at the balance sheet date. In assessing the carrying value of its other non-current assets, the Company has assumed that, despite a significant short-term impact, long-term market conditions remain unchanged, as the timing of market recovery and the duration of the economic impact remain uncertain.

The directors do not consider that the global pandemic will impact the going concern of the entity.

Financial key performance indicators

The Directors of the Richemont Group manage the Group's operations on a divisional basis and monitor the performance of the Company 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 the Company. The development, performance and position of the Richemont brands, which includes the Company, is discussed within the Business Review section of the Richemont Group Annual Report and Accounts.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:
- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationship with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.'

As part of their induction, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in an organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company.

The following paragraphs summarise how the Directors' fulfil their duties:

Risk Management
Consideration of risks is an integral part of how Richemont UK Limited operates on a daily basis and is part of any transaction appraisal.

Our people
The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We also ensure we share common values that inform and guide our behaviour with published guidelines, therefore achieving our goals in the right way.

Business Relationships
Our strategy prioritises organic growth, it is driven by ensuring the best services to existing loyal clients and bringing new customers into the business. To do this, we need to develop and maintain strong customer relationships. We value our suppliers and build long term partnerships with our key suppliers.

Community and Environment
The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.
We actively encourage environmental initiatives and measure our impact on the environment.

Shareholders
The Board is openly engaging with our group shareholder, as we recognise the importance of a continuing effective dialogue. It is important to us that shareholder understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

This report was approved by the board on 27th April 2021 and signed on its behalf.

R. Brooks

Rupert Brooks
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors submit their report and the audited financial statements of Richemont UK Limited ("the Company) for the year ended 31 March 2020.

Results and dividends

The loss for the financial year amounted to £28,799,000 (2019 profit - £6,017,000).No dividends were declared nor recommended in respect of the year ended 31 March 2020 (2019: nil).

Directors

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

Rupert John Brooks
Sheila Mary Henderson
Olivier Percetti (appointed 16 September 2019)
Greig Owen Catto (resigned 30 June 2019)

During the year, no director had a material interest in any contract that was significant in relation to the Company's business. Also in the year, qualifying third party indemnity provisions were in force for the benefit of the four (2019:three) directors of the Company. At the date of approval of the financial statements qualifying third party indemnity were in force for the benefit of three directors of the Company.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Donations

Contributions made by the company during the year for a variety of charitable purposes amounted to £151,050 (2019: £16,816). No contributions for political purposes were made during the year (2019: £nil).

Financial Risk Management

The Company's policy on financial risk management is disclosed in note 4.

Future Developments

The development and future outlook are discussed in the Strategic Report.

Engagement with employees

The Company is an equal opportunity employer and no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, race, colour or creed. Employees are kept as fully informed as possible on the Company's performance and direction and there are established channels for consultation and communication at a corporate and divisional level.

Employment of disabled persons in the United Kingdom

It is the policy of the Company to give full and fair consideration to the employment of disabled persons, in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Special consideration is given to retraining those who become disabled whilst in the Company's employment.

Engagement with suppliers, customers and others

The development of this engagement is discussed in the Strategic Report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Greenhouse gas emission and energy consumption

The Company's Greenhouse Gas emissions, measured in tCO_2e, and energy consumption, measured in kWh, are detailed below together with other salient matters.

Emissions and energy data
The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from activities for which the company is responsible was 484.6 tonnes of CO_2e as follows:

- the combustion of gas: 0 tCO_2e
- the consumption of fuel for the purposes of transport: 8.1tCO_2e
- the purchase of electricity by the company for its own use, including for the purposes of transport: 476.5tCO_2e

The annual quantity of energy consumed from activities for which the company is responsible involving the combustion of gas or the consumption of fuel for the purposes of transport and the annual quantity of energy consumed resulting from the purchase of electricity by the company for its own use, including for the purposes of transport was1,898,292 kWh

The overall Carbon Intensity Metric was 0.104 tCO_2e per m2

Reporting Methodology
Consumption and CO_2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance by reference to the Emission Factor Database Database 2019 Version 1.01.

Energy Efficiency Improvements
The Company is committed to improving their operational energy efficiency and measures have been planned for the next 5 years. These include plans to make all sites supplied wholly by renewable electricity within 2020/21 and the appointment of a facilities manager responsible for developing and implementing energy efficiency measures.

Going concern

On the basis of the ongoing review of the activities, Compagnie Financiere Richemont SA has provided a letter of support, confirming that they will provide ongoing financial support to the Company until at least twelve months from the date of approval of the financial statements, to enable it to continue its operating activities. The Directors also 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.

Post balance sheet events

There are no significant events after the balance sheet date, the impact of Covid-19 is given in the Strategic .

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Statement of directors' responsibilities in respect of the financial statements.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.
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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:
(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27th April 2021 and signed on its behalf.

R. Brooks

Rupert Brooks
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RICHEMONT UK LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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: Balance Sheet as at 31 March 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; 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 where:

- 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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, 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.

Christopher Solomides (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28th April 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £000	2019 £000
Revenue	5	**186,106**	147,665
Cost of sales		**(117,551)**	(89,008)
Gross profit		**68,555**	58,657
Selling and distribution costs		**(118,036)**	(76,001)
Administrative expenses		**(6,047)**	(5,615)
Other operating income	6	**23,930**	31,856
Operating (loss)/profit	7	**(31,598)**	8,897
Finance income	10	**251**	-
Finance costs	11	**(2,954)**	(97)
(Loss)/Profit before tax		**(34,301)**	8,800
Tax on loss/(profit)	12	**5,502**	(2,783)
(Loss)/Profit for the financial year		**(28,799)**	6,017
Other comprehensive income/(expense):			
Defined benefit plan actuarial gains/(losses)		**-**	76
Tax on defined benefit plan actuarial (gains)/losses		**-**	(13)
Other comprehensive income/(expense) net of tax		**-**	63
Total comprehensive (loss)/income		**(28,799)**	6,080

The notes on pages 14 to 36 form part of these financial statements.

All operations are continuing. The movements in other comprehensive income/(expense) will not be reclassified to the income statement.

BALANCE SHEET AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	**7,210**	8,156
Property, plant and equipment	14	**119,455**	18,895
Other non-current assets		**1,328**	3,241
		127,993	30,292
Current assets			
Deferred taxation	15	**5,807**	2,841
Inventories	16	**53,061**	57,248
Trade and other receivables	17	**33,658**	21,544
Cash and cash equivalents	18	**37**	50
		92,563	81,683
Current Liabilities			
Trade and other payables	19	**(49,991)**	(44,870)
Provisions for liabilities	23	**(571)**	(702)
Lease liabilities	20	**(23,342)**	-
Corporation tax		**(317)**	(5,811)
Net current assets		**18,342**	30,300
Total assets less current liabilities		**146,335**	60,592
Non-current liabilities			
Provisions for liabilities	23	**(59)**	(113)
Other non-current liabilities	22	**(277)**	(5,648)
Lease liabilities	20	**(119,880)**	-
Total non-current liabilities		**(120,216)**	(5,761)
Net assets		**26,119**	54,831
Capital and reserves			
Called up share capital	24	**15,776**	15,776
Share option reserve		**558**	471
Retained earnings		**9,785**	38,584
		26,119	54,831

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2020

The financial statements on pages 10 to 36 were approved by the board of directors on 27th April 2021 and were signed on its behalf on:

Olivier Percetti
Director

The notes on pages 14 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Share Option reserve	Retained Earnings	Total equity
	£000	£000	£000	£000
At 1 April 2018	**15,776**	**431**	**32,504**	**48,711**
Profit for the financial year	-	-	6,017	6,017
Defined benefit plan actuarial gains/(losses)	-	-	76	76
Tax on defined benefit plan actuarial (gains)/losses	-	-	(13)	(13)
Value of employee services	-	40	-	40
At 1 April 2019	**15,776**	**471**	**38,584**	**54,831**
Loss for the financial year	-	-	(35,409)	(35,409)
Other comprehensive income/(expense)	-	-	-	-
Value of employee benefits	-	87	-	87
At 31 March 2020	**15,776**	**558**	**3,175**	**19,509**

The notes on pages 14 to 36 form part of these financial statements.

1. General information

These financial statements are the financial statements of Richemont UK Limited, a private company limited by shares, and registered and domiciled in England and Wales, United Kingdom. The address of the registered office is 15 Hill Street, London, W1J 5QT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

Where relevant, equivalent disclosures have been given in the group financial statements of Compagnie Financière Richemont SA. The group financial statements of Compagnie Financière Richemont SA are available to the public and can be obtained as set out in note 31.

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

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with United Kingdom Generally Accepted Accounting Practice, including FRS 101, requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement and significant estimates are disclosed in note 3.

The financial statements are prepared on a going concern basis.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

2. Accounting policies (continued)

2.3 Impact of new international reporting standards, amendments and interpretations (continued)

On transition to IFRS 16, the Company elected to apply the following practical expedients:

- for leases previously classified as operating leases under IAS 17 -
- the Company has applied a single discount rate to a portfolio of leases with similar characteristics.
- the Company has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.
- the Company has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- the Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sublease. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

The weighted average lessee's incremental borrowing rate applied to lease liabilities in the statement of financial position at the date of initial application was 1.61%.

The difference between operating lease commitments disclosed under IAS 17 at 31 March 2019 discounted using the incremental borrowing rate as stated above and the lease liabilities recognised in the statement of financial position at the date of initial application was £966,000.

2.4 Revenue recognition

Revenue is recognised when the customer obtains control of the goods. For retail sales, which take place in the Company's network of internal boutiques, control generally passes when the customer takes physical possession of goods, at which time the Company has a right to receive payment for the asset and it is implicit that the customer has accepted it. In the case of online retail sales made directly to the end customer, sales are recorded when the goods are delivered to the customer, as the Company remains in control of, and is subject to the related risks of, the delivery process. Wholesale sales are made to distributors, wholesalers or external franchisees. For these sales, revenue is recognised when the wholesaler takes delivery of the shipment, in most cases after customs formalities have been cleared in the destination country. At this point, the customer is able to control the future use of the product, in terms of where and how it will be sold, and assumes the risk of obsolescence and loss. Revenue relating to after-sales services is recognised when the service has been completed. The commissions receivable on sales procured as agents are recognised as other operating incomein the same period that those sales are recognised by the fellow Richemont group companies.

Revenue is measured net of value-added tax, duties, other sales taxes, rebates and trade discounts. Goods sold to wholesale customers are often sold with volume discounts based on total sales over a twelve-month period or other similar criteria. Revenue from such contracts is recorded net of the estimated discount, based on the accumulated experience of the Company, using the expected value method, and recognised up to an amount beyond which a significant reversal is not expected to occur. The Company does not have any contracts where the period between recognition of revenue and payment by the customer exceeds one year. As a consequence, the Company does not adjust the transaction price for the time value of money.

Revenue recognition (continued)

Where there is a practice of agreement to customer returns, or where we are obliged by local legal requirements, accumulated experience is used to estimate and provide for such returns at the time of sale.

2.5 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 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 Statement of Comprehensive Income.

2.6 Leases

A right of use asset and corresponding lease liability is recognised with respect to all lease arrangements where the Company is the lessee, except for short-term leases (where the lease term is 12 months or less).

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the incremental borrowing rate, which is based on the rate at which the Group would be able to borrow funds in the same jurisdiction over the same term as the lease agreement. The lease liability is subsequently measured using the effect interest rate method.

The right of use asset is based on the initial measurement of the lease liability, adjusted for any payments made at or before the commencement date and for initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment charges. Depreciation is charged on a straight-line basis over the lease term.

The lease term used to determine the lease liability and the useful life of the right of use asset is based on the lease agreement, excluding renewal options unless these are contractual, the specific terms of the additional rental period are included in the initial lease agreement and the Company has a reasonable expectation of exercising the option. Termination options are ignored unless the Company already has the intention to exercise the option at the commencement date.

2.7 Finance income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance, including lease liability interest costs, are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company was a participating employer in the Richemont UK Pension Plan, which provided defined benefits. On 1 December 2016 the plan trustee entered into a full "buy-in" with a UK insurance company. This Plan paid its final premium to the insurance company during the prior year and instructed that member's benefits are moved to buy out, so no further liability remains with the Company in respect of the Plan as of the end of the prior year.

The total pension cost for the prior year, calculated in accordance with IAS19 (Employee Benefits), was split between the UK entities that participate in the Plan taking into account the attributes of each entity's employees in the Plan.

2.10 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 the Company. 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 areincluded in assumptions about the number of options that are expected to become exercisable. At each year enddate, 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 Statement of Comprehensive Income over the remaining vesting period and a corresponding adjustment to equity.

2.11 Current and deferred taxation

Provision is made in each financial year for all taxation expected to be payable in respect of profits earned during the year.

Deferred income tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the year end 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.

2. Accounting policies (continued)

2.12 Intangible assets

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.

2.13 Property, plant and equipment

All property, plant and equipment is shown at cost less accumulated depreciation and impairment. Costincludes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- 10 The shorter of 10 years and the life of the lease
Point of sale fixtures	- 3 years
Office equipment	- 10 years
Right of use assets	- Over the remaining term of the lease after asset brought into full operational use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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

2. **Accounting policies (continued)**

2.13 Impairment of fixed 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. Forthe purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.14 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 thenature of the inventory.

2.15 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. 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 anassessment 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 Statement of Comprehensive Income.

2.16 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.

2.17 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method.

2. Accounting policies (continued)

2.18 Provisions for liabilities

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 year end date. The impact of discounting on provisions is immaterial.

2.19 Dividends

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.

3. Critical accounting estimates and judgements

The Company is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgements in the process of applying its accounting policies. 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 preparation of the financial statements. Principal matters where estimates and judgements are made relate in particular to:

(a) The carrying values of property, plant and equipment, including right of use assets, have been assessed. As per notes 14 and 20, impairment charges have been recorded against leasehold improvements and right of use assets relating to multiple loss making boutiques, has been impaired. The impairment charge has been recorded in selling and distribution costs. The recoverable amount of the impaired assets is nil, based on an assessment of future cashflows. The remaining balance that has not been impaired relates to boutiques which management judge to be profitable going forward. Based on past and forecast performance of these boutiques, a reasonably probable change in the estimates is not expected to result in a material change to the carrying value of property, plant and equipment as at the balance sheet date.

(b) When assessing the net realisable value of inventory, estimation is required regarding the level of future sales volumes and prices. However, a reasonably probable change in the estimates is not expected to result in a material change to the carrying value of inventory as at the balance sheet date;

(c) The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the incremental borrowing rate is used, being the rate that the individual lessee would have to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No extension options have been included in the lease liabilities;

Critical accounting estimates and judgements (continued)

(d) Impact of the Covid-19 outbreak: At the date of these financial statements, the impact and duration of the current Covid-19 outbreak and the related measures taken to control it, including the likelihood of a global recession, are unknown. In preparing these financial statements, the short-term impact on items has been fully considered. The valuations of financial assets and liabilities carried at fair value reflect inputs at the balance sheet date. In assessing the carrying value of its other non-current assets, the Company has assumed that, despite a significant short-term impact, long-term market conditions remain unchanged, as the timing of market recovery and the duration of the economic impact remain uncertain.

The amounts involved are disclosed elsewhere in the financial statements.

4. 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 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.

5. Revenue

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Sale of goods and services	**186,106**	147,665
	186,106	147,665

All turnover arose within the United Kingdom.

6. 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.

	2020	2019
	£000	£000
Other operating income	**23,930**	31,856
	23,930	31,856

7. Operating loss/profit

The operating loss/profit is stated after charging:

	2020	2019
	£000	£000
Operating lease rentals – office equipment	**24**	38
Variable lease rentals - property	**5,732**	28,112
Depreciation of property, plant and equipment	**4,924**	4,866
Depreciation on right of use assets	**22,603**	-
Impairment of property, plant and equipment	**4,417**	-
Impairment of right of use assets	**32,514**	-
Loss on disposal of property, plant and equipment	**2**	27
Amortisation of leasehold premiums	**968**	921
Inventory – expensed	**114,935**	86,378
Trade receivables – net movement in provision	**120**	56
Repairs and maintenance expenditure on property, plant and equipment	**1,320**	1,374
Employee benefit expenses	**23,185**	20,004
Auditors' remuneration – for audit services	**99**	94
Auditors remuneration – non audit services (tax compliance)	**12**	13
Inventory – net movement in provision	**728**	638

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	**19,278**	17,077
Social security costs	**2,779**	1,967
Cost of defined benefit scheme	**1**	2
Cost of defined contribution scheme	**1,127**	958
	23,185	20,004

Employees (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Selling	**257**	235
Administration	**94**	80
	351	315

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	**228**	-
Company contributions to defined contribution pension schemes	**7**	-
	235	-

The highest paid Director received aggregate emoluments of £228,000 (2019- Nil), Payment to a defined contribution pension scheme for the year to 31st March 2020 were £7,000 (2019- Nil).

The Directors have interests in the share options of the Company's ultimate parent, Compagnie Financière Richemont SA. During the year no share options were exercised.

10. Finance income

	2020 £000	2019 £000
Foreign exchange gains	**251**	-
	251	-

11. Finance costs

	2020 £000	2019 £000
Other finance costs	**9**	8
Lease liability interest	**2,693**	-
Foreign exchange losses	**252**	89
	2,954	97

12. Tax on (loss)/profit

	2020 £000	2019 £000
Corporation tax		
Current tax on (loss)/profits for the year	(2,553)	2,852
Adjustment in respect of prior years	17	(25)
Total current tax	(2,536)	2,827
Deferred tax		
Origination and reversal of timing differences	(2,973)	(79)
Adjustment in respect of prior years	7	35
Total deferred tax	(2,966)	(44)
Taxation on (loss)/profit on ordinary activities	(5,502)	2,783

12. Tax on (loss)/profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year at the standard rate of corporation tax in the UK of19% (2019 - 19%) as set out below:

	2020 £000	2019 £000
(Loss)/Profit on ordinary activities before tax	**(34,301)**	8,800
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in theUK of 19% (2019 - 19%)	**(6,517)**	1,672
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,422**	1,182
Effect of difference in Corporation tax rate and Deferred tax rate	**(333)**	9
Adjustments to tax charge in respect of prior periods	**17**	(26)
Adjustments to deferred tax charge in respect of previous periods	**7**	35
Consideration paid for losses claimed as group relief	**2,553**	2,852
Premium on short lease	**(98)**	(89)
Group relief	**(2,553)**	(2,852)
Total tax (credit)/charge for the year	**(5,502)**	2,783

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Intangible assets

	Leasehold premiums £000
Cost	
At 1 April 2019	**17,116**
Additions - external	**22**
At 31 March 2020	**17,138**
Amortisation	
At 1 April 2019	**8,960**
Charge for the year on owned assets	**968**
At 31 March 2020	**9,928**
Net book value	
At 31 March 2020	**7,210**
At 31 March 2019	8,156

Amortisation of intangible assets is charged to selling and distribution costs in the Statement of Comprehensive Income.

14. Property, plant and equipment

	Leasehold improvements	Point of sale fixtures	Office equipment	Rights of Use Asset	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2019	33,244	242	522	-	226	34,234
Effect of adoption of IFRS16: leases Note 20	-	-		156,293	-	156,293
Additions	1,084	72	94	7,078	62	8,390
Transfers intra group	314	(40)	-	-	-	274
Disposals	(6)	(80)	(4)	-	-	(90)
Transfers between classes	227	-	-	-	(227)	-
At 31 March 2020	34,863	194	612	163,371	61	199,101
Depreciation						
At 1 April 2019	15,063	145	131	-	-	15,339
Charge for the year on owned assets	4,762	91	73	22,603	-	27,529
Impairment	4,317			32,514		36,831
Transfers intra group	75	(40)	-	-	-	35
Disposals	(6)	(78)	(4)	-	-	(88)
At 31 March 2020	24,211	118	200	55,117	-	79,646
Net book value						
At 31 March 2020	10,652	76	412	108,254	61	119,455
At 31 March 2019	18,181	97	391	-	226	18,895

15. Deferred taxation

	2020 £000	2019 £000
At beginning of year	**2,841**	**2,471**
Movement in year	**2,966**	**370**
At end of year	**5,807**	**2,841**

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Property, plant and equipment and intangible assets temporary differences	**3,696**	2,471
Other temporary differences and losses	**2,111**	370
	5,807	2,841

16. Inventories

	2020 £000	2019 £000
Finished goods and goods for resale	**53,061**	57,248
	53,061	57,248

The above amounts are net of provisions of £2,202,078 (2019: £1,713,364).

17. Trade and other receivables

	2020 £000	2019 £000
Due within one year		
Trade debtors	**4,224**	5,661
Amounts owed by group undertakings	**25,115**	9,182
Other debtors	**3,605**	2,890
Prepayments and accrued income	**714**	3,811
	33,658	21,544

Trade and other receivables (continued)

The Directors consider that the carrying amount of trade and other receivables approximates 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. All trade and other receivables are due within one year.

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.

18. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	37	50
	37	50

19. Trade and other payables

	2020 £000	2019 £000
Trade creditors	2,064	2,457
Amounts owed to group undertakings	36,103	26,800
Other creditors	7,675	10,906
Accruals and deferred income	4,149	4,707
	49,991	44,870

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. All trade and other payables are due within one year.

20. Leases

The Company adopted IFRS16 Leases for the first time from 1 April 2019. For further details of the adoption of this new standard and changes to the Company's accounting policies as a result, refer to note 2. Cartier Limited has lease contracts for buildings and vehicles. The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	**31 Mar 2020**	1 Apr 2019
	£'000	£'000
Buildings	108,229	156,188
Other	25	40
	108,254	156,228

Lease liabilities	**31 Mar 2020**	1 Apr 2019
	£'000	£000
Current	**23,342**	20,648
Non-current	**119,880**	136,315
	143,222	156,963

On adoption of new IFRS 16 on 1April 2019 the right-of-use assets are stated at cost before impairment.

In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 lease. The assets were presented in property, plant and equipment and the liabilities as part of borrowings. For adjustments recognised on adoption of IFRS 16 on 1 April 2019, please refer to note 21.

Additions to the right-of-use assets during the 2020 financial year were £7,078,000.

Amounts recognised in the income statement
The income statement shows the following amounts relating to leases:

Leases (continued)

Depreciation charge of right-of-use assets	**2020 £'000**	2019 £'000
Property	(22,581)	-
Other	(22)	-
	(22,603)	-
Impairment charge of right of use assets	32,514	-
Interest expense (included in finance cost)	(2,693)	-
Expense relating to short-term leases	(1,885)	-
Expense relating to leases of low-value assets not shown as short-term leases	(416)	-
Expense relating to variable leases payments not included in lease liabilities	(6,156)	-

Future minimum lease payments as at 31 March 2020 are as follows:

	2020 £'000	2019 £'000
Not later than one year	(25,629)	-
Later than one year and not later than five years	(69,233)	-
Later than five years	(60,017)	-
Total gross payments	**(154,879)**	-
Impact of finance expenses	**(11,657)**	-
Carrying amount of liability	**(143,222)**	-

The total cashflow for leases in the year was £27,753,883.

21. Effect of adoption of IFRS 16 – Leases

As indicated in note 2.3 the company has adopted IFRS16 Leases retrospectively from 1 April 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 2.3.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

Measurement of lease liabilities

	£'000
Operating lease commitments disclosed as at 31 March 2019	**173,876**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	157,929
Add: finance lease liabilities recognised as at 31 March 2019	-
(Less): short-term leases not recognised as a liability	(966)
(Less): low-value lease not recognised as a liability	-
Lease liability recognised as at 1 April 2019	**156,963**
Of which are:	
Current lease liabilities	23,342
Non-current lease liabilities	119,880

Adjustment recognised in the statement of financial position on 1 April 2019

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

- Trade and other payables – decreased by £648,000
- Right-of-use assets – increase by £156,267,000
- Non current liabilities decreased by £5,372,000
- Lease liabilities – increase by £156,963,000
- Other non current assets – decreased by 1,757,000
- Trade and other receivables – decreased by £3,567,000

The net impact on retained earnings on the 1 April 2019 was NIL.

The Company initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. Thus, the comparative future minimum lease payments presented are based on IAS 17 while the current year are based on IFRS 16.

22. Other non-current liabilities

	2020 £000	2019 £000
Other creditors	277	5,648
	277	5,648

23. Provisions for liabilities

	Employee benefits	Warranty and Sales Returns	Social security on share options	Total
	£000	£000	£000	£000
At 1 April 2019	463	348	4	815
Charged to profit or loss	(156)	(32)	3	(185)
At 31 March 2020	**307**	**316**	**7**	**630**

Of the total provisions, £571 thousand (2019-£702 thousand) is current and £59 thousand (2019-£113 thousand) is non-current.

Warranty and sales returns provisions
The company has established provisions for warranties and sales returns provided on certain products. Based on past experience a provision of £315,529 (2019: £348,000) has been recognised. It is anticipated that the provision will be utilised within one year.

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

24. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
15,776,400 (2019 - 15,776,400) Ordinary Shares shares of £1.00 each	15,776	15,776

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

25. Equity-settled option plan

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 share awards granted to executives is as follows:

	Weighted average exercise price in CHF 2020	**Number 2020**	Weighted average exercise price in CHF 2019	Number 2019
Outstanding at the beginning of the year	**81.09**	**14,000**		-
Granted during the year	**82.86**	**1,466**	92.00	5,500
Transferred during the year	**92.00**	**1,500**	74.02	8,500
Outstanding at the end of the year	**82.20**	**16,966**	81.09	14,000

Of the total options outstanding at 31 March 2020, options in respect of 2,166 shares (2019: 333 shares) had vested and were exercisable.

The following information applies to options outstanding at the end of each year:

	2020	2019
Exercise price CHF 94.00 - Weighted average remaining contractual life 3.25 yrs (2019 - 4.25 yrs)	**1,000**	1,000
Exercise price CHF 83.30 - Weighted average remaining contractual life 4.25 yrs (2019 - 5.25 yrs)	**1,500**	1,500
Exercise price CHF 56.55 - Weighted average remaining contractual life 5.25 yrs (2019 - 6.25 yrs)	**3,000**	3,000
Exercise price CHF 80.20 - Weighted average remaining contractual life 6.25 yrs (2019 - 7.25 yrs)	**3,000**	3,000
Exercise price CHF 92.00 - Weighted average remaining contractual life 7.25 yrs (2019 - 8.25 yrs)	**7,000**	5,500
Exercise price CHF 82.86 - Weighted average remaining contractual life 8.34 yrs	**1,466**	
Outstanding options	**16,966**	14,000

25. Equity-settled option plan (continued)

The per unit fair value of options granted during the year determined using the Binomial model was CHF 17.66. The significant inputs to the model were the share price of CHF 82.86 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 26%, an expected option life of five years, a dividend yield of 2.3% and a 0% risk-free interest rate. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past five years.

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

	2020	2019
	£000	£000
Share option expense	**90**	40
	90	40

26. Contingent liabilities and guarantees

The Company has granted indemnities to banks totaling £2,000,000 (2019: £2,000,000) in respect of the operation of a deferment guarantee arrangement with HM Revenue & Customs.

27. Capital commitments

Capital commitments authorised and contracted for at 31 March 2020 amounted to £nil (2019: £nil). Capital commitments authorised but not contracted for at that date amounted to £1,181,000 (2019: £2,318,000).

28. Pension Commitments

Defined contribution plans

Pension costs incurred by the company for defined contribution schemes are £1,127,429 (2019-£957,996).

Defined benefit plan

The Company was a participating employer in the Richemont UK Pension Plan. The Plan closed to new entrants in 2004 and, to future accrual on 31 March 2017 and was bought out by an insurance company during 2018/19. All employees were offered membership of a defined contribution plan operated by the Group.

On 1st December 2016 the plan trustee entered into a full "buy-in" with a UK insurance company. The Plan paid its final premium to the insurance company in 2018/19 and instructed that members' benefits were moved to buy-out, so that no further liability remained with the Company in respect of this 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, using the Plan's assets plus contributions totaling £225m from the Group. A final premium amount was paid in 2018/19 to the insurer from the remaining assets in the Trustee bank account.

There was no amount included in the Statement of Financial Position arising from the Company's obligations in respect of the Plan as at 31 March 2020 (2019: £nil).

Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2020	2019
	£000	£000
At the beginning of the year	-	(74)
Pension cost	-	(2)
Other comprehensive income/(expense)	-	76
At the end of the year	-	-

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

29. Related party transactions

	2020	**2019**
	£'000	**£'000**
Sale of goods to directors	**83**	130

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 theremuneration of directors are located in note 9 to the financial statements. This does not include share options, details of which are disclosed in note 25.

30. Post balance sheet events

There were no significant events after the balance sheet date, the impact of Covid-19 is given in the Strategic Report.

31. 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.

Compagnie Financiere Richemont SA is the largest and smallest group of related undertakings for which consolidated financial statements are prepared. 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.