

**REGISTRAR'S COPY**

Company Registration No 6183896 (England and Wales)

**MGS DISTRIBUTION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2013**

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# **MGS DISTRIBUTION LIMITED**

## **COMPANY INFORMATION**

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | X Gaudertot<br>S Demarsilis<br>T Michno   |
| <b>Secretary</b>         | T Michno  |
| <b>Company number</b>    | 6183896   |
| <b>Registered office</b> | Meadway House<br>Meadway<br>Haslemere<br>Surrey GU27 1NN                              |
| <b>Auditors</b>          | Simmons Gainsford LLP<br>7/10 Chandos Street<br>Cavendish Square<br>London<br>W1G 9DQ |

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# **MGS DISTRIBUTION LIMITED**

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# **MGS DISTRIBUTION LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2013**

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The directors present their report and financial statements for the year ended 31 January 2013

#### **Principal activities and review of the business**

The principal activity of the company and its subsidiary undertaking continued to be that of watch distributors

The key business risk and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. This risk is managed through advertising, public relations, in-store display and training of store staff to market the benefits of the brands the company sells. The company also updates its products and works to improve product design and bring new products to market at attractive price points in order to remain competitive.

The directors are pleased with the results for the year. The company's key performance indicators are turnover and gross profit which have shown continued improvement from the prior year. Sales have been enhanced by the further development of the company's key brands in the UK market.

#### **Results and dividends**

The results for the year are set out on page 6.

A dividend of £300,000 (2012: £nil) was declared and paid in the year.

#### **Post balance sheet events**

Subsequent to the year end, the trade, assets and liabilities of MGI Luxury Group UK Limited, the company's subsidiary undertaking, were acquired by the company. MGI Luxury Group UK Limited has subsequently made an application to be dissolved.

#### **Directors**

The following directors have held office since 1 February 2012:

|              |                             |
|--------------|-----------------------------|
| K R Sheppard | (Resigned 30 January 2013)  |
| J Halpin     | (Resigned 30 January 2013)  |
| S Brydon     | (Resigned 30 January 2013)  |
| X Gauderlot  |                             |
| S Demarsilis | (Appointed 30 January 2013) |
| T Michno     | (Appointed 30 January 2013) |

# **MGS DISTRIBUTION LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JANUARY 2013***

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### **Financial instruments**

The company's principal financial instrument comprises of cash at bank. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

Having considered the company's exposure, the only significant financial risk is that relating to price risk due to normal inflation increases in the purchase price of services and due to market factors affecting the price charged for services.

Other potential risks are noted below -

#### Liquidity risk

The company does not have any debt finance in place.

#### Interest rate cash flow risk

The company maintains a credit balance with its bank. The company does not have any interest bearing liabilities.

#### Credit risk

The company carries out credit checks on all new customers prior to sales being made and appropriate credit limits and payment plans are put in place with each new customer.

### **Auditors**

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Simmons Gainsford LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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.

## **MGS DISTRIBUTION LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

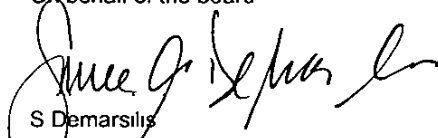
**FOR THE YEAR ENDED 31 JANUARY 2013**

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#### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S Demarsilis  
Director  
17/12/2013.

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## **MGS DISTRIBUTION LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF MGS DISTRIBUTION LIMITED**

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We have audited the financial statements of MGS Distribution Limited for the year ended 31 January 2013 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, 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.

#### **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 Directors' 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 January 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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.

## **MGS DISTRIBUTION LIMITED**

### **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF MGS DISTRIBUTION LIMITED**

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#### **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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



**Stephen Jennings FCA (Senior Statutory Auditor)**  
for and on behalf of Simmons Gainsford LLP

**17/12/2013.**

**Chartered Accountants  
Statutory Auditor**

7/10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ



## **MGS DISTRIBUTION LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 JANUARY 2013**

|  | Notes | 2013<br>£   | 2012<br>£   |
|--|-------|-------------|-------------|
| Turnover   | 2     | 8,376,371   | 7,471,759   |
| Cost of sales                                    |       | (5,349,881) | (4,752,447) |
| Gross profit                                     |       | 3,026,490   | 2,719,312   |
| Distribution costs                               |       | (1,412,915) | (1,200,609) |
| Administrative expenses                          |       | (875,832)   | (926,376)   |
| Profit on ordinary activities before<br>taxation | 3     | 737,743     | 592,327     |
| Tax on profit on ordinary activities             | 4     | (206,568)   | (165,851)   |
| Profit for the year                              | 12    | 531,175     | 426,476     |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

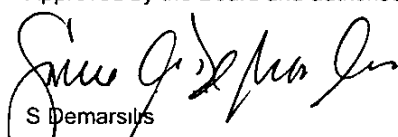
# MGS DISTRIBUTION LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2013

|  | Notes | 2013<br>£          | £                       | 2012<br>£          | £                       |
|--|-------|--------------------|-------------------------|--------------------|-------------------------|
| <b>Fixed assets</b>                                  |       |                    |                         |                    |                         |
| Investments  | 6     |                    | 1                       |                    | -                       |
| <b>Current assets</b>                                |       |                    |                         |                    |                         |
| Stocks   | 7     | 1,058,448          |                         | 1,248,646          |                         |
| Debtors  | 8     | 2,364,082          |                         | 1,767,620          |                         |
| Cash at bank and in hand                             |       | 101,161            |                         | 329,531            |                         |
|  |       | <u>3,523,691</u>   |                         | <u>3,345,797</u>   |                         |
| <b>Creditors amounts falling due within one year</b> | 9     | <u>(1,377,000)</u> |                         | <u>(1,430,280)</u> |                         |
| <b>Net current assets</b>                            |       |                    | <u>2,146,691</u>        |                    | <u>1,915,517</u>        |
| <b>Total assets less current liabilities</b>         |       |                    | <u><u>2,146,692</u></u> |                    | <u><u>1,915,517</u></u> |
| <b>Capital and reserves</b>                          |       |                    |                         |                    |                         |
| Called up share capital                              | 11    |                    | 100                     |                    | 100                     |
| Share premium account                                | 12    |                    | 799,900                 |                    | 799,900                 |
| Profit and loss account                              | 12    |                    | <u>1,346,692</u>        |                    | <u>1,115,517</u>        |
| <b>Shareholders' funds</b>                           | 13    |                    | <u><u>2,146,692</u></u> |                    | <u><u>1,915,517</u></u> |

Approved by the Board and authorised for issue on 17/12/2013.

  
S Demarsius  
Director

Company Registration No 6183896

## MGS DISTRIBUTION LIMITED

### CASH FLOW STATEMENT

*FOR THE YEAR ENDED 31 JANUARY 2013*

|  | 2013      | 2012      |
|--|-----------|-----------|
|  | £         | £         |
| Net cash inflow/(outflow) from operating activities                  | 247,630   | (274,341) |
| Taxation   | (175,999) | (164,750) |
| Acquisitions and disposals   |           |           |
| Purchase of subsidiary undertakings (net of cash acquired)           | (1)       | -         |
| Net cash outflow for acquisitions and disposals                      | (1)       | -         |
| Equity dividends paid  | (300,000) | -         |
| Net cash outflow before management of liquid resources and financing | (228,370) | (439,091) |
| Decrease in cash in the year   | (228,370) | (439,091) |

# MGS DISTRIBUTION LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2013

|   |   |                 |                                     |                 |
|---|---|-----------------|-------------------------------------|-----------------|
| 1 | Reconciliation of operating profit to net cash inflow/(outflow) from operating activities | 2013            | 2012                                |                 |
|   |   | £               | £                                   |                 |
|   | Operating profit  | 737,743         | 592,327                             |                 |
|   | Decrease/(increase) in stocks   | 190,198         | (23,345)                            |                 |
|   | Increase in debtors   | (596,462)       | (454,071)                           |                 |
|   | Decrease in creditors within one year   | (83,849)        | (389,252)                           |                 |
|   | Net cash inflow/(outflow) from operating activities                                       | 247,630         | (274,341)                           |                 |
| 2 | Analysis of net funds   | 1 February 2012 | Cash flow<br>Other non-cash changes | 31 January 2013 |
|   |   | £               | £                                   | £               |
|   | Net cash  |                 |                                     |                 |
|   | Cash at bank and in hand  | 329,531         | (228,370)                           | 101,161         |
|   | Net funds   | 329,531         | (228,370)                           | 101,161         |
| 3 | Reconciliation of net cash flow to movement in net funds                                  | 2013            | 2012                                |                 |
|   |   | £               | £                                   |                 |
|   | Decrease in cash in the year  | (228,370)       | (439,091)                           |                 |
|   | Movement in net funds in the year   | (228,370)       | (439,091)                           |                 |
|   | Opening net funds   | 329,531         | 768,622                             |                 |
|   | Closing net funds   | 101,161         | 329,531                             |                 |

# **MGS DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2013**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### **1.4 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### **1.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value

#### **1.6 Stock**

Stock is valued at the lower of cost and net realisable value

#### **1.7 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.8 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### **1.9 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Movado Group Inc, a company incorporated in the State of New York, United States of America, and is included in the consolidated accounts of that company. The consolidated financial statements of Movado Group Inc are available from Movado Group Inc, 650 From Road, Paramus, New Jersey 07652-3556.

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

|          |   |                   |                   |
|----------|---|-------------------|-------------------|
| <b>3</b> | <b>Operating profit</b>   | <b>2013</b>       | <b>2012</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | Operating profit is stated after charging   |                   |                   |
|          | Operating lease rentals   |                   |                   |
|          | - Plant and machinery   | 63,522            | 64,436            |
|          | Fees payable to the company's auditor for the audit of the company's annual accounts                                      | 19,548            | 12,648            |
|          | Non-audit fees  | 3,014             | 895               |
|          |   | <u>          </u> | <u>          </u> |
| <br>     |   |                   |                   |
| <b>4</b> | <b>Taxation</b>   | <b>2013</b>       | <b>2012</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | <b>Domestic current year tax</b>  |                   |                   |
|          | U K corporation tax   | 206,568           | 165,851           |
|          |   | <u>          </u> | <u>          </u> |
|          | <b>Total current tax</b>  | <b>206,568</b>    | <b>165,851</b>    |
|          |   | <u>          </u> | <u>          </u> |
|          | <br>  |                   |                   |
|          | <b>Factors affecting the tax charge for the year</b>  |                   |                   |
|          | Profit on ordinary activities before taxation   | 737,743           | 592,327           |
|          |   | <u>          </u> | <u>          </u> |
|          | <br>  |                   |                   |
|          | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2012 - 26.00%) | 177,058           | 154,005           |
|          |   | <u>          </u> | <u>          </u> |
|          | <br>  |                   |                   |
|          | Effects of  |                   |                   |
|          | Non deductible expenses   | 8,366             | 11,846            |
|          | Capital allowances  | (114)             | -                 |
|          | Other tax adjustments   | 21,258            | -                 |
|          |   | <u>          </u> | <u>          </u> |
|          |   | 29,510            | 11,846            |
|          |   | <u>          </u> | <u>          </u> |
|          | <br>  |                   |                   |
|          | <b>Current tax charge for the year</b>  | <b>206,568</b>    | <b>165,851</b>    |
|          |   | <u>          </u> | <u>          </u> |
| <br>     |   |                   |                   |
| <b>5</b> | <b>Dividends</b>  | <b>2013</b>       | <b>2012</b>       |
|          |   | <b>£</b>          | <b>£</b>          |
|          | Ordinary final paid   | 300,000           | -                 |
|          |   | <u>          </u> | <u>          </u> |

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2013

### 6 Fixed asset investments

|                       | Shares in subsidiary undertakings<br>£ |
|-----------------------|--|
| <b>Cost</b>           |  |
| At 1 February 2012    | -                                      |
| Additions             | 1                                      |
| At 31 January 2013    | 1                                      |
| <b>Net book value</b> |  |
| At 31 January 2013    | 1                                      |

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

| Company                        | Country of registration or incorporation | Class    | Shares held % |
|--------------------------------|--|----------|---------------|
| <b>Subsidiary undertakings</b> |  |          |               |
| MGI Luxury Group UK Limited    | England & Wales                          | Ordinary | 100 00        |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

|                             |                           | Capital and reserves<br>2013<br>£ | Profit/(loss) for the year<br>2013<br>£ |
|-----------------------------|---------------------------|-----------------------------------|---|
|                             | <b>Principal activity</b> |                                   |   |
| MGI Luxury Group UK Limited | Watch distributors        | (1,152,111)                       | (123,840)                               |

Subsequent to the year end, the trade, assets and liabilities of MGI Luxury Group UK Limited were acquired by the company MGI Luxury Group UK Limited has subsequently made an application to be dissolved

| 7 Stocks                            | 2013<br>£ | 2012<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 1,058,448 | 1,248,646 |

## MGS DISTRIBUTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

| 8 Debtors  | 2013             | 2012             |
|--|------------------|------------------|
|  | £                | £                |
| Trade debtors  | 1,595,126        | 1,130,726        |
| Amounts owed by parent undertaking   | 728,306          | 611,894          |
| Prepayments and accrued income   | 40,650           | 25,000           |
|  | <u>2,364,082</u> | <u>1,767,620</u> |
|  |                  |                  |
| 9 Creditors amounts falling due within one year                                  | 2013             | 2012             |
|  | £                | £                |
| Trade creditors  | 23,904           | 43,305           |
| Amounts owed to parent undertaking   | 980,724          | 1,002,450        |
| Corporation tax  | 120,442          | 89,873           |
| Other taxes and social security costs  | 203,880          | 249,658          |
| Accruals and deferred income   | 48,050           | 44,994           |
|  | <u>1,377,000</u> | <u>1,430,280</u> |
|  |                  |                  |
| 10 Pension and other post-retirement benefit commitments<br>Defined contribution | 2013             | 2012             |
|  | £                | £                |
| Contributions payable by the company for the year                                | <u>28,240</u>    | <u>15,529</u>    |
|  |                  |                  |
| 11 Share capital   | 2013             | 2012             |
|  | £                | £                |
| Allotted, called up and fully paid   |                  |                  |
| 100 Ordinary shares of £1 each   | <u>100</u>       | <u>100</u>       |



## MGS DISTRIBUTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2013

#### 12 Statement of movements on reserves

|                            | Share<br>premium<br>account<br>£ | Profit and<br>loss<br>account<br>£ |
|----------------------------|----------------------------------|------------------------------------|
| Balance at 1 February 2012 | 799,900                          | 1,115,517                          |
| Profit for the year        | -                                | 531,175                            |
| Dividends paid             | -                                | (300,000)                          |
| Balance at 31 January 2013 | <u>799,900</u>                   | <u>1,346,692</u>                   |

#### 13 Reconciliation of movements in shareholders' funds

|                                     | 2013<br>£        | 2012<br>£        |
|-------------------------------------|------------------|------------------|
| Profit for the financial year       | 531,175          | 426,476          |
| Dividends                           | (300,000)        | -                |
| Net addition to shareholders' funds | <u>231,175</u>   | <u>426,476</u>   |
| Opening shareholders' funds         | 1,915,517        | 1,489,041        |
| Closing shareholders' funds         | <u>2,146,692</u> | <u>1,915,517</u> |

#### 14 Financial commitments

At 31 January 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 January 2014

|                               | Other<br>2013<br>£ | 2012<br>£     |
|-------------------------------|--------------------|---------------|
| Operating leases which expire |                    |               |
| Within one year               | 17,778             | 12,876        |
| Between two and five years    | 33,069             | 46,777        |
|                               | <u>50,847</u>      | <u>59,653</u> |

## MGS DISTRIBUTION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

| 15 Directors' remuneration                                    | 2013<br>£      | 2012<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 159,503        | 131,364        |
| Company pension contributions to defined contribution schemes | 3,285          | 2,000          |
|   | <u>162,788</u> | <u>133,364</u> |

### 16 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

|                                 | 2013<br>Number | 2012<br>Number |
|---------------------------------|----------------|----------------|
| Administration and distribution | <u>15</u>      | <u>16</u>      |

#### Employment costs

|                       | 2013<br>£      | 2012<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 693,798        | 640,303        |
| Social security costs | 86,372         | 86,228         |
| Other pension costs   | 28,240         | 15,529         |
|                       | <u>808,410</u> | <u>742,060</u> |

### 17 Control

Movado Group Inc, incorporated in America, is considered the ultimate parent company in both this and the prior year, by virtue of its shareholding in the company

### 18 Post balance sheet events

Subsequent to the year end, the trade, assets and liabilities of MGI Luxury Group UK Limited, the company's subsidiary undertaking, were acquired by the company MGI Luxury Group UK Limited has subsequently made an application to be dissolved

## **MGS DISTRIBUTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 JANUARY 2013**

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##### **19 Related party relationships and transactions**

During the year the company paid management fees amounting to £360,000 (2012 £423,000) to Swico Limited, a company which had a 49% shareholding in MGS Distribution Limited

At the balance sheet date, Movado Group Inc, the company's ultimate parent undertaking, and its related companies, owed the company £728,306 (2012 £611,894) and was owed by the company £980,724 (2012 £1,002,450)

During the year the company made purchases of £5,050,988 (2012 £4,835,379) from Movado Group Inc

During the year a dividend of £153,000 and £147,000 (2012 £nil) was paid to Movado Group Inc and Swico Limited respectively

During the year the company purchased from Movado Group Inc the entire share capital of MGI Luxury Group UK Limited for consideration of £1

In addition, various other administration costs and salaries have been recharged from Swico Limited at cost