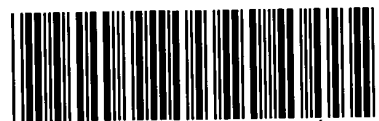


Company Registration No. 06183896 (England and Wales)

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

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MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

COMPANY INFORMATION

Directors	Xavier Gauderlot Sallie Demarsilis Jochen Schulz
Secretary	Mitchell Sussis (appointed on 17 October 2016)
Company number	06183896
Registered office	Chapman House Meadway Haslemere Surrey, GU27 1NN
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place, London WC2N 6RH United Kingdom

MOVADO GROUP UK LIMITED
(formerly known as “MGS DISTRIBUTION LIMITED”)

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MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED")

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2017

The directors present their report and the audited financial statements for the year ended 31 January 2017.

Business review

As at 31 January 2017 the company has net assets of £2,167,841. The strategy of the company is primarily to work with brands which have a similar target customer market and image as the current portfolio.

	FY17	FY16
Turnover	£24,814,638	£21,892,748
Gross profit	£7,312,104	£7,514,355
Profit for the financial year	£39,015	£1,358,828

Key performance indicators

The directors are pleased with the results for the year. The company's key performance indicators are turnover, gross profit and net profit. Turnover has increased by £2,921,890 to £24,814,638 in FY17 whilst gross profit has decreased by £202,251 to £7,312,104. The increase in turnover was driven by a combination of organic growth from existing brands and the introduction of both licensed brands and owned brands. MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED") have a profit for the financial year of £39,015 in FY17 compared to a profit for the financial year £1,358,828 in FY16 as the company has invested significantly in marketing activities and enhanced infrastructure to support the additional business.

Principal risks and uncertainties

The company competes in a market that is increasingly dominated by a small number of multi-store retailers, where it is necessary to continue leveraging its brands and group strength to ensure strong access to the local retail network under appropriate conditions.

Continued sales growth in the UK watch category is dependent on a strong pipeline of new product to invigorate the ongoing portfolio and ensure its continued relevance to consumer preferences. The company works extensively with the Movado group's design teams to ensure that new product that is appropriate for the UK market is forthcoming.

The company's operational, financial and IT infrastructure is supported closely by the relevant Movado Group teams to ensure high levels of business continuity and rapid recovery in the event of interruptions.

Financial risk management
This has been disclosed in the Directors' Report.

Approved by the board and signed on its behalf

Xavier Gauderiot
Director
3 November 2017

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

The directors present their report and audited financial statements for the year ended 31 January 2017.

Principal activities

The principal activity of the company continued to be that of watch distribution.

Future developments

The company has a very strong portfolio of brands, whether licensed or owned. It is the company's intention to continue growing the current profitable brands, while devoting additional resources to the new brands. The company expects to continue investing heavily in marketing activities, as well as expanding its salesforce to support turnover growth. These investments will likely impact the net profit in the short-term but show increased benefits in the years to come.

Dividends

No dividend was paid for the year end 2017 (2016: NIL).

Directors

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

Xavier Gauderlot
Sallie Demarsilis
Jochen Schulz

Financial risk management

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 product inventory and due to market factors affecting the price charged for its products and services.

Other potential risks are noted below:

Liquidity risk

The company currently maintains an Intercompany loan with an affiliate company and wholly owned subsidiary of the ultimate holding company, Movado Group Inc.

Interest rate cash flow risk

The company maintains a credit balance with its bank. The company does not have any interest bearing liabilities beyond the Intercompany loan referenced above.

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.

Foreign currency exchange risk

The company invoices in GBP and a minority of customers are invoiced in EUR. The company purchases in GBP which means that the company has minimal FX risk. However, changes in currency are monitored monthly and hedging would be considered if a FX risk was identified.

Post balance sheet event

On 3 July 2017, the company entered into a Sale and Purchase Agreement with Lesa Bennett and Jemma Fennings (the "Sellers") pursuant to which the company acquired JLB Brands Ltd for consideration of 60.0 million British Pounds Sterling (£) in cash, subject to working capital and other closing adjustments. After giving effect to the closing adjustments, the purchase price was approximately £60.9 million net of cash acquired of approximately £4.4 million. JLB Brands Ltd, which is the owner of the Olivia Burton brand, was founded by the Sellers in the United Kingdom in 2011 and began selling fashion watches under the Olivia Burton brand in 2012, adding jewelry in 2016.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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 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.

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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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.

Independent Auditors

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

Approved by the board and signed on its behalf

Xavier Gauderlot
Director
30 November 2017

MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED")

Independent auditors' report to the members of MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED")

Report on the financial statements

Our opinion

In our opinion, MGS Distribution Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2017 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.
-

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 January 2017;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED")

Independent auditors' report to the members of MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED")

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Emma Jarvis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 November 2017

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2017

	Note	2017 £	2016 £
Turnover	5	24,814,638	21,892,748
Cost of sales		(17,502,534)	(14,378,393)
Gross profit		7,312,104	7,514,355
Distribution costs		(2,496,104)	(1,861,865)
Administrative expenses		(4,616,278)	(3,889,925)
Operating profit	6	199,722	1,762,565
Profit before interest and taxation		199,722	1,762,565
Net interest expense	8	(60,188)	(79,186)
Profit before taxation		139,534	1,683,379
Tax on profit	9	(100,519)	(324,551)
Profit for the financial year		39,015	1,358,828

There was no other comprehensive income other than the profit for the financial year as set out above.

The results in the above profit and loss account are wholly from continuing activities.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

BALANCE SHEET
AS AT 31 JANUARY 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	835,022	510,329
		835,022	510,329
Current assets			
Inventories	11	2,254,008	3,634,880
Debtors	12	5,137,363	5,399,981
Cash at bank and in hand		499,817	67,420
		7,891,188	9,102,281
Creditors: amounts falling due within one year	13	(4,346,386)	(3,862,914)
Net current assets		3,544,802	5,239,367
Total assets less current liabilities		4,379,824	5,749,696
Creditors: amounts falling due after more than one year	14	(2,211,983)	(3,620,870)
Net assets		2,167,841	2,128,826
Capital and reserves			
Called up share capital	17	100	100
Share premium account		799,900	799,900
Retained earnings		1,367,841	1,328,826
Total equity		2,167,841	2,128,826

The notes on the pages 12 to 19 are integral part of these Financial Statements.

The Financial Statements on pages 9 to 19 were authorised for issue by the board of directors on 30 November 2017 and were signed on its behalf.

Xavier Gauderlot
Director

MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED")
Company Registration No. 06183896 (England and Wales)

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2017

	Called up share capital £	Share premium account £	Retained Earnings £	Total equity £
Balance as at 1 February 2015	100	799,900	(403,024)	396,976
Profit for the financial year	-	-	1,358,828	1,358,828
Adjustment under FRS102 to reflect intercompany loan in FY16	-	-	373,022	373,022
Balance as at 31 January 2016	100	799,900	1,328,826	2,128,826
Balance as at 1 February 2016	100	799,900	1,328,826	2,128,826
Profit for the financial year	-	-	39,015	39,015
Balance as at 31 January 2017	100	799,900	1,367,841	2,167,841

MOVADO GROUP UK LIMITED **(formerly known as "MGS DISTRIBUTION LIMITED")**

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2017**

1. General Information

MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED") is wholesaler of watches and jewellery.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Meadway House, Meadway, Haslemere, Surrey, GU27 1NN.

2. Statement of compliance

The individual financial statements of MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

(b) Going concern

The parent Company Movado Group Inc. has committed to providing financial support to the Company and therefore management have prepared the Financial Statements on the going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions under FRS102:

- (i) a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 paragraph 4.12(a)(iv)).
- (ii) the requirement to prepare a statement of cash flow (Section 7 of FRS 102 and paragraph 3.17(d)).
- (iii) financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS 102 paragraphs 11.39-11.48A, 12.26 - 12.29).
- (iv) the non-disclosure of key management personnel compensation in total (FRS 102 paragraph 33.7).

(d) Foreign currency translation

The company's functional and presentation currency is the pound sterling.

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 recognised in the profit and loss account.

(e) Turnover

Turnover is measured at the fair value of the consideration received or receivable and presents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company bases its estimate of returns on historical results, taking into consideration the type of customer, type of transaction and specific of each arrangement.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods and (c) the amount of turnover can be measured reliably.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

3. Summary of significant accounting policies (continued)

(f) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(g) Taxation

(i) Corporation Tax

Corporation tax represents amounts expected to be paid in respect of the taxable profit for the period and is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognized only when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are undiscounted.

(h) Tangible assets

The cost of tangible assets is their purchase cost together with any incidental costs of acquisition. Tangible assets are measured at historical cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their residual values, over their expected useful lives using the straight-line basis. The principal asset lives used for this purpose are undiscounted.

Asset	Useful Life
Fixtures, fittings, tools and equipment	4-5 years
Display Materials	3 years

(i) Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(j) Inventories

Inventory are valued at the lower of cost and estimated selling price less costs to complete and sell

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

3. Summary of significant accounting policies (continued)

(l) Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(m) Share capital

Ordinary shares are classified as equity.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

5. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. There is no turnover generated outside of the UK. The geographical destination of turnover is not materially different from the origin.

6. Operating profit

Operating profit is stated after charging:	Note	2017 £	2016 £
Wages and salaries		1,121,207	927,752
Social security costs		138,780	109,471
Other pension costs		77,989	71,618
Staff costs		1,337,976	1,108,841
Operating lease charges		156,001	115,768
Foreign exchange gains / (losses)		1,561	(518)
Inventory recognised as expense		17,502,534	14,378,393
Depreciation	10	489,677	246,576
Audit fees payable to the company's auditor		26,845	31,200

7. Employees & Directors

(i) Employees

The average monthly number of employees (including directors) employed by the company during the year was:

By activity	2017	2016
Administration and distribution	26	22

Directors

No directors were paid directly from the company during the year (2016: NIL).

In FY17, the directors are employed by MGI Luxury Group SA, a Movado Group Inc company, receiving no remuneration from MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED"). The emoluments of these directors are paid by MGI Luxury Group SA.

The services of these directors are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to MGI Luxury Group SA. Accordingly, the above details include no emoluments in respect of these directors.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

8. Net Interest expense

Interest payable and similar expenses

	2017 £	2016 £
Interest payable on intercompany loans	55,878	78,312
Other expenses	4,310	874
Total interest payable and similar expenses	60,188	79,186
Net interest expense	60,188	79,186

9. Income Tax

(a) Tax expense included in profit or loss account

	2017 £	2016 £
Current tax:		
– UK Corporation tax on profit for the year	149,853	294,365
– Adjustment in respect of prior periods	(1,010)	-
Total current tax	148,843	294,365
Deferred tax:		
– Origination and reversal of timing differences	(72,068)	75,144
– Adjustment in respect of prior periods	15,470	(39,282)
– Impact of changes in tax rates	8,274	(5,676)
Total deferred tax	(48,324)	30,186
Total tax per Profit and loss account	100,519	324,551

(b) Reconciliation of tax charge

Tax assessed for the year is higher (2016: lower) than the standard rate of corporation tax in the UK for the year ended 31 January 2017 of 20.00% (2016: 20.16%). The differences are explained below:

	2017 £	2016 £
Profit for the period-continuing operations	139,534	1,683,379
Tax on profit at standard UK tax rate of 20.00% (2016: 20.16%)	27,907	340,812
Effects of:		
– Expenses not deductible for tax purposes	49,878	146,170
– Losses not utilised / (utilised)	-	(117,473)
– Adjustments in respect of prior periods	14,460	(39,282)
– Deferred tax rate changes	8,274	(5,676)
Tax charge for the year	100,519	324,551

(c) Tax rate changes

Reductions in the UK corporation tax from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

MOVADO GROUP UK LIMITED
(formerly known as "MGS DISTRIBUTION LIMITED")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

10. Tangible assets

	Display materials £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 31 January 2016	787,814	11,900	799,714
Additions	798,084	16,640	814,724
Disposals	(531)	(3,831)	(4,362)
At 31 January 2017	1,585,367	24,709	1,610,076
Accumulated depreciation			
At 31 January 2016	280,503	8,882	289,385
Disposals	(177)	(3,831)	(4,008)
Charge for the year	486,963	2,714	489,677
At 31 January 2017	767,289	7,765	775,054
Net book value at 31 January 2016	507,311	3,018	510,329
Net book value at 31 January 2017	818,078	16,944	835,022

11. Inventories

	2017 £	2016 £
Finished goods and goods for resale	2,254,008	3,634,880
Total	2,254,008	3,634,880

12. Debtors

	2017 £	2016 £
Trade debtors	4,761,184	4,669,702
Amounts owed by group undertakings	340,193	-
Prepayments and accrued income	17,848	730,279
Deferred Tax Asset (note 16)	18,138	-
Total	5,137,363	5,399,981

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	(409,929)	(421,360)
Amounts owed to group undertakings	(3,137,018)	(2,546,104)
Taxation and social security	(148,843)	(294,365)
Accruals and deferred income	(650,596)	(570,899)
Deferred Tax Liability (note 16)	-	(30,186)
Total	(4,346,386)	(3,862,914)

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

14. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Intercompany Loan with MGI Luxury Group SA	(2,211,983)	(3,620,870)
Total	(2,211,983)	(3,620,870)

Amounts owed to group undertakings are unsecured, bear interest at 2% and are repayable on 31 July 2018.

15. Defined contribution scheme

The amount recognised as an expense for the defined contribution scheme was:

	2017	2016
	£	£
Current year contributions	77,989	71,618

There are no amounts prepaid or outstanding as at the year end.

16. Deferred tax

	2017	2016
	£	£
Opening deferred tax balance	30,186	(15,470)
Recognised during the year	(63,794)	61,126
Adjustments in respect of prior periods	15,470	(15,470)
Provision at the end of year	(18,138)	30,186
Excess of capital allowances over depreciation	25,783	37,034
Other timing differences	(43,921)	(6,848)
Total (asset) / liability	(18,138)	30,186

17. Called up share capital

100 ordinary shares of £1 each (2016: 100)

	2017	2016
	£	£
Allotted and fully paid		
At 1 February	100	100
At 31 January	100	100

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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18. Financial commitments

The company had following future minimum lease payments under non-cancellable operating leases for each of following years:

	2017 £	2016 £
Payments due		
Not later than one year	120,293	98,765
Later than one year and not later than five years	145,026	52,980
	265,319	151,745

19. Related party transactions

During the year the company paid management fees amounting £ 631,643 (2016: £ 630,250) to Swico Limited. Swico Limited is a related party as Keith Sheppard is a shareholder of both Swico Limited and Majorelle Limited. Prior to 4 August 2016, Majorelle Limited owned 10% of the shares of MOVADO GROUP UK LIMITED (formerly known as "MGS DISTRIBUTION LIMITED"). During the year the company made purchases of £ 15,455,904 (2016: £ 15,966,433) from Movado Group Inc.

During the year 2017 no dividend (2016: NIL) was paid to Movado Group Inc.

At the year end, the inter-company creditor amount of £ 5,349,001 related to MGI Luxury Group SA £ (2,558,827), Movado Watch Company AG £ (161,381), and Swissam Products Limited £ (416,810). The inter-company debtor amount related to MGI Luxury Group SA £ 144,857, Movado Watch Company AG £ 195,336.

20. Controlling Parties

The immediate parent undertaking is Movado Watch Company SA.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Movado Group Inc. Copies of the is Movado Group Inc consolidated financial statements can be obtained from the Company Secretary at Movado Group Inc. 650 From Road, Ste. 375 Paramus, NJ 07652-3556, USA.

The ultimate controlling party is Movado Group Inc.

21. Post balance sheet event

On 3 July 2017, the company entered into a Sale and Purchase Agreement with Lesa Bennett and Jemma Fennings (the "Sellers") pursuant to which the company acquired JLB Brands Ltd for consideration of 60.0 million British Pounds Sterling (£) in cash; subject to working capital and other closing adjustments. After giving effect to the closing adjustments, the purchase price was approximately £60.9 million net of cash acquired of approximately £4.4 million. JLB Brands Ltd, which is the owner of the Olivia Burton brand, was founded by the Sellers in the United Kingdom in 2011 and began selling fashion watches under the Olivia Burton brand in 2012, adding jewelry in 2016.