

Company Registration No. 06183896 (England and Wales)

**MGs DISTRIBUTION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2015**

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# **MGS DISTRIBUTION LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	X Gauderlot S Demarsilis J Schulz
<b>Secretary</b>	T Michno
<b>Company number</b>	06183896
<b>Registered office</b>	Meadway House Meadway Haslemere Surrey GU27 1NN
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH
<b>Bank detail</b>	BARCLAYS BANK PLC Address: 1, Churchill Place, London E14 5HP
<b>Lawyers</b>	David Harvey Watson Farley & Williams 15 Appold Street London EC2A 2HB

# MGS DISTRIBUTION LIMITED

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# **MGS DISTRIBUTION LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2015**

The directors present their report and financial statements for the year ended 31 January 2015.

#### **Business review and principal activities**

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

As at 31 January 2015 the company has net assets of £ 396,976.

The strategy of the company is primarily to work with brands which have a similar target customer market and image as our current portfolio.

	FY2015	FY2014
Turnover	14,050,584 GBP	11,550,777 GBP
Gross Profit	4,203,998 GBP	4,056,346 GBP
(Loss)/Profit for the financial year	(682,484) GBP	101,004 GBP

#### **Key performance indicators**

The directors are pleased with the results for the year. The company's key performance indicators are turnover, gross profit and loss/profit for the financial year. Turnover has increased by £2,499,807 to £14,050,584 in FY2015 whilst gross margin has improved by £147,652 to £4,203,998, both driven by a combination of organic growth from existing brands and the introduction of both licensed brands and own brands. We have a loss for the financial year of £682,484 in 2015 compared to a profit for the financial year 2014 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.

#### **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.

Approved by the board and signed on its behalf



J Schulz

Director

29<sup>th</sup> May 2015

# **MGS DISTRIBUTION LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 JANUARY 2015***

The directors present their report and financial statements for the year ended 31 January 2015.

#### **Future developments**

Refer to the Strategic report.

#### **Results and dividends**

The results for the year are set out on page 9.

No dividend was paid for the year end 2015 (2014: 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:

X Gauderlot

S Demarsilis

T Michno (Resigned 15 August 2014)

J Schulz (Appointed 21 July 2014)

#### **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 year under review, the company's policy that no trading in financial instruments shall be undertaken.

#### **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 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.

# **MGS DISTRIBUTION LIMITED**

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

### **FOR THE YEAR ENDED 31 JANUARY 2015**

#### **Independent Auditors**

In accordance with section 485 of the Companies Act 2006, a resolution proposing that PriceWaterhouseCoopers 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 Strategic Report, 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 prepared 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.

#### **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.

Approved by the board and signed on its behalf

  
J Schulz

Director

29<sup>th</sup> May 2015

# ***Independent auditors' report to the members of MGS Distribution Limited***

## **Report on the financial statements**

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### **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 2015 and of its loss 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**

MGS Distribution Limited's financial statements comprise:

- the Balance Sheet as at 31 January 2015;
- the Profit and Loss Account and Statement of total recognised gains and losses 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 applicable law and United Kingdom Accounting Standards (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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, 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.

### **Other matters on which we are required to report by exception**

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#### **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.

#### **Directors' remuneration**

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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**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of director's 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.

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### **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 Directors' Report and Financial Statements 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.



Emma Jarvis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 May 2015



# MGS DISTRIBUTION LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 JANUARY 2015**

	Notes	2015 £	2014 £
Turnover	2	14,050,584	11,550,777
Cost of sales		(9,846,586)	(7,494,431)
<b>Gross profit</b>		<b>4,203,998</b>	<b>4,056,346</b>
Distribution costs		(1,656,057)	(1,201,216)
Administrative expenses		(3,230,550)	(2,729,236)
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(682,609)</b>	<b>125,894</b>
Interest payable and similar charges	4	(178)	(12,440)
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(682,787)</b>	<b>113,454</b>
Tax on (loss)/profit on ordinary activities	5	303	(12,450)
<b>(Loss)/Profit for the financial year</b>	<b>12</b>	<b>(682,484)</b>	<b>101,004</b>

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

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents, for both the prior year and the current year.

### Statement of total recognised gains and losses for the year ended 31 January 2015:

	2015 £	2014 £
(Loss)/Profit for the financial year	(682,484)	101,004
Loss on transfer of assets and liabilities of MGI Luxury Group UK Limited	-	(1,168,236)
<b>Total recognised gains and losses relating to the year</b>	<b>(682,484)</b>	<b>(1,067,232)</b>

# MGS DISTRIBUTION LIMITED

## BALANCE SHEET

**AS AT 31 JANUARY 2015**

Company Registration No. 6183896

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible fixed assets	6	292,967	9,257
		<u>292,967</u>	<u>9,257</u>
<b>Current assets</b>			
Stocks	7	2,142,559	1,993,715
Debtors	8	3,497,562	3,081,298
Cash at bank and in hand		122,001	515,205
		<u>5,762,122</u>	<u>5,590,218</u>
<b>Creditors: amounts falling due within one year</b>	9	(5,658,113)	(4,520,015)
<b>Net current assets</b>		<u>104,009</u>	<u>1,070,203</u>
<b>Total assets less current liabilities</b>		<u>396,976</u>	<u>1,079,460</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	(403,024)	279,460
<b>Total shareholders' funds</b>	13	<u>396,976</u>	<u>1,079,460</u>

The financial statements on pages 9 to 18 were approved by the Board of Directors on 29<sup>th</sup> May 2015 and signed on its behalf by

  
J Schulz  
Director

# **MGS DISTRIBUTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### ***FOR THE YEAR ENDED 31 JANUARY 2015***

#### **1 Accounting policies**

##### **1.1 Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

##### **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 to the profit and loss account 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 Stocks**

Stocks are valued at the lower of cost and net realizable 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 Cash flow statement disclosure**

The Company is a 90% owned subsidiary of Movado Group Inc. and is included in the consolidated financial statements of Movado Group Inc., which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2015

#### 1 Accounting policies (continued)

##### 1.10 Taxation

###### 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.

###### Deferred taxation

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 recognised 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.

##### 1.11 Tangible fixed assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Fixed 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.

<u>Asset</u>	<u>Useful Life</u>
Computer software	5 years
Computer hardware	4 years
Display Materials	3 years

#### 2 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.

3	Operating (Loss)/Profit	2015 £	2014 £
	Operating (loss)/profit is stated after charging:		
	Operating lease rentals		
	- Plant and machinery	107,414	69,530
	Fees payable to the company's auditor for the audit of the company's annual financial statements	24,500	28,357
	Depreciation	39,718	2,304

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2015

<b>4</b>	<b>Interest payable and similar charges</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
	Interest Payable on intercompany loans	-	12,440
	Other Expenses	178	-
	Interest Payable and similar charges	<u>178</u>	<u>12,440</u>
<b>5</b>	<b>Tax on profit on ordinary activities</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
	Tax charge for the year	-	31,176
	Adjustment in respect of previous periods	303	(18,726)
	<b>Total current tax</b>	<u>303</u>	<u>12,450</u>
	Deferred tax		
	Origination and reversal of timing differences	(21,158)	(1,736)
	Adjustment in respect of previous periods	1,851	4,412
	Effect of changes in tax rates	1,313	(154)
	<b>Total deferred tax</b>	<u>(17,994)</u>	<u>2,522</u>
	<b>Tax on profit on ordinary activities</b>	<u>(17,691)</u>	<u>14,972</u>
	<b>Factors affecting the tax charge for the year</b>		
	The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 21.32%, (2013: 23.16%). The differences are explained below:		
	Profit on ordinary activities before taxation	(682,787)	113,454
	Tax on profit at standard UK tax rate of 21.32% (2014: 23.16%)	<u>(145,593)</u>	<u>26,278</u>
	Effects of:		
	Nondeductible expenses	2	3,561
	Capital allowances	(4,011)	(88)
	Movement in short term timing differences	25,169	1,425
	Losses carried forward	124,433	-
	Adjustments in respect of previous periods	303	(18,726)
		<u>145,896</u>	<u>(13,828)</u>
	<b>Current tax charge for the year</b>	<u>303</u>	<u>12,450</u>

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2015

#### 5 Tax on profit on ordinary activities (continued)

##### Deferred taxation

Deferred taxation provided in the financial statements comprises:	2015	2014
	£	£
Opening deferred tax balance	2,522	-
Recognised during the year	(17,992)	2,522
Closing deferred tax balance	(15,470)	2,522
Comprising:		
Excess of capital allowances over depreciation	5,267	(347)
Other timing differences	(20,737)	2,869

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 to 20% from 1 April 2015 which were substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

#### 6 Tangible assets

	Display Materials	Computer equipment	Total
Cost	£	£	£
At 1 February 2014	-	12,348	12,348
Additions	323,876	-	323,876
Disposals	-	(448)	(448)
At 31 January 2015	323,876	11,900	335,776
Accumulated depreciation			
At 1 February 2014	-	3,091	3,091
Change for the year	36,902	2,816	39,718
Disposals	-	-	-
At 31 January 2015	36,902	5,907	42,809
Net book value			
At 31 January 2015	286,974	5,993	292,967
At 31 January 2014	-	9,257	9,257

#### 7 Stocks

	2015	2014
	£	£
Finished goods and goods for resale	2,142,559	1,993,715

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2015

8	Debtors	2015 £	2014 £
	Trade debtors	3,107,196	2,771,366
	Amounts owed by group undertakings	-	121,859
	Prepayments and accrued income	390,366	188,073
		<u>3,497,562</u>	<u>3,081,298</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

9	Creditors: amounts falling due within one year	2015 £	2014 £
	Trade creditors	145,458	153,486
	Amounts owed to group undertakings	4,896,125	4,173,630
	Corporation tax	-	30,873
	Other taxation and social security costs	236,854	19,842
	Accruals and deferred income	364,206	142,184
	Deferred Tax Liability	15,470	-
		<u>5,658,113</u>	<u>4,520,015</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

#### 10 Pension and other post-retirement benefit commitments

##### Defined contribution

	2015 £	2014 £
Contributions payable by the company for the year	<u>76,234</u>	<u>44,141</u>

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

11	Called up share capital	2015 £	2014 £
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each (2014: 100)	<u>100</u>	<u>100</u>

#### 12 Statement of movements on reserves

	Share premium account	Profit and loss account	Total
		£	£
Balance at 1 February 2014	799,900	279,460	1,079,360
(Loss)/Profit for the financial year	-	(682,484)	(682,484)
Balance at 31 January 2015	<u>799,900</u>	<u>(403,024)</u>	<u>396,876</u>

# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2015

13	Reconciliation of movements in shareholders' funds	2015 £	2014 £
	(Loss)/Profit for the financial year	(682,484)	101,004
	Net (reduction)/addition to shareholders' funds	(682,484)	101,004
	Opening shareholders' funds	1,079,460	2,146,692
	Loss on transfer of assets and liabilities of MGI Luxury Group UK Limited	-	(1,168,236)
	Closing shareholders' funds	396,976	1,079,460

### 14 Financial commitments

At 31 January 2015 the company has annual commitments under non-cancellable operating leases for assets other than Land and Buildings as follows:

	Other 2015 £	2014 £
Operating leases which expire:		
Within one year	7,302	60,044
Between two and five years	86,845	85,564
	94,147	145,608

### 15 Related party relationships and transactions

Swico Limited is a related party as Keith Shepphard is a shareholder of both Swico Limited and MGS Distribution Limited. During the year the company paid management fees amounting £480,594 (2014: £466,174) to Swico Limited.

During the year the company made purchases of £9,602,619 (2014: £7,494,431) from Movado Group Inc.

At the year end, the amount owed to group undertakings of £4,896,125 (2014: £4,173,630) related to MGI Luxury Group SA £4,743,108, Movado Watch Company AG £33,316, Swisswave Europe SA £225 and Swissam Products Limited £119,475. The amount owed by group undertaking is nil (2014: £121,361).

In addition, a total of £523,692 (excluding VAT grand total £1,004,286 minus management fees £480,594) in relation to administration costs and salaries have been recharged from Swico Limited at cost.



# MGS DISTRIBUTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2015

#### 16 Employees

##### Number of employees

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

	2015	2014
	Number	Number
Administration and distribution	20	18
	<hr/>	<hr/>
<b>Employment costs</b>	<b>2015</b>	<b>2014</b>
	£	£
Wages and salaries	883,600	749,727
Social security costs	107,899	93,000
Other pension costs	76,234	38,424
	<hr/>	<hr/>
	1,067,733	881,151
	<hr/>	<hr/>

#### 17 Directors' emoluments

In 2015, the directors are employed by MGI Luxury Group SA, a Movado Group Inc company, receiving no remuneration from 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.

#### 18 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Movado Group Inc.

The ultimate parent undertaking and controlling party is Movado Group Inc., a company incorporated in USA.

Movado Group Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 January 2015. The consolidated financial statements of Movado Group Inc. are available from 350 From Road, Paramus, N.J. 07652.