

Registered No: 180124

Alfred Dunhill Pipes Limited

**Report and accounts
for the year ended 31 March 2001**



Alfred Dunhill Pipes Limited

Reports and accounts for the year ended 31 March 2001

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Alfred Dunhill Pipes Limited

Report of the Directors for the year ended 31 March 2001

The directors submit their report and the audited financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the Company is the sale and distribution of pipes and other smokers' requisites.

Results

The results of the Company for the year are set out in the profit and loss account on page 4.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will not be substantially altered in the foreseeable future.

Dividends

No interim dividend was paid (2000: £Nil). The directors do not recommend the payment of a final dividend for the year ended 31 March 2001 (2000: £Nil). The retained profit for the financial year of £625,000 (2000: £836,000) will be transferred to reserves.

Directors

The directors of the Company during the year and as at 31 March 2001 were:

R Dunhill	
D W Merriman	Resigned 2 nd April 2001
A J Merriman	Appointed 2 nd April 2001
I F Decitre	Appointed 2 nd February 2001, Resigned 20 th August 2001
S D Glendenning	Resigned 2 nd February 2001, Appointed 20 th August 2001

Directors' interests

There are no individual interests of any director or their families in shares and options of the Company, the parent company or any of its subsidiary companies as shown in the register kept in accordance with section 325 of the Companies Act 1985 as at 31 March 2001.

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

Alfred Dunhill Pipes Limited

Report of the Directors for the year ended 31 March 2001 (continued)

Directors' responsibilities

The directors are required by United Kingdom company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 March 2001. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for ensuring that proper accounting records are kept, and for taking reasonable steps to both safeguard the assets of the Company and prevent and detect fraud and other irregularities.

Auditors

An elective resolution is in force which negates the need to re-appoint the auditors annually.

By order of the Board



G Lawrence
Company Secretary

28 September 2001

Alfred Dunhill Pipes Limited

Report of the auditors to the members of Alfred Dunhill Pipes Limited

We have audited the financial statements on pages 4 to 13

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

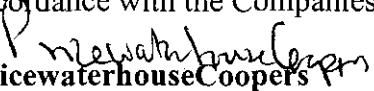
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

28 September 2001

Alfred Dunhill Pipes Limited

Profit and loss account for the year ended 31 March 2001

	Notes	2001 £'000	2000 £'000
Turnover	2	2,869	4,078
Cost of sales		<u>(1,559)</u>	<u>(2,574)</u>
Gross profit		1,310	1,504
Distribution costs		(142)	(191)
Administrative expenses		(1,013)	(761)
Other operating income		<u>341</u>	<u>225</u>
Operating Profit	4	496	777
Net interest receivable	3	129	74
Profit on ordinary activities before taxation		<u>625</u>	851
Taxation charge on profit on ordinary activities	7	-	15
Profit on ordinary activities after taxation		<u><u>625</u></u>	<u><u>836</u></u>

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All of the activities of the Company are continuing.

The notes on pages 6 to 13 form an integral part of these accounts.

**Balance sheet
as at 31 March 2001**

	Notes	31 March		31 March	
		2001	2001	2000	2000
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		65		99
Current assets					
Stocks	9	1,346		1,171	
Debtors: amounts falling due within one year	10	2,790		1,805	
Cash at bank and in hand		872		1,187	
		<u>5,008</u>		<u>4,163</u>	
Creditors: amounts falling due within one year	11	<u>(358)</u>		<u>(162)</u>	
Net current assets			<u>4,650</u>		<u>4,001</u>
Total assets less current liabilities			<u>4,715</u>		<u>4,100</u>
Creditors: amounts falling due after more than one year	12		(538)		(538)
Provisions for liabilities and charges	13		-		(10)
			<u>4,177</u>		<u>3,552</u>
Capital and reserves					
Called up share capital	15		19		19
Profit and loss account	16		4,158		3,533
Equity shareholders' funds	17		<u>4,177</u>		<u>3,552</u>

The accounts on pages 4 to 13 were approved by the board of directors on its behalf by: and were signed on



A Merriman Director

The notes on pages 6 to 13 form an integral part of these accounts.

Alfred Dunhill Pipes Limited

Notes to the accounts for the year ended 31 March 2001

1 Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied on a consistent basis, is set out below.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Differences on exchange are included in operating profit. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Taxation

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

Provision is made for deferred taxation, using the liability method, in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first-in-first-out basis and where appropriate, includes labour, materials, duty and overheads attributable to the stages of production reached. Net realisable value is the price at which the stocks can be realised in the normal course of business, after allowing for the estimated costs of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Depreciation

Depreciation of fixed assets is calculated to write-off the cost of the assets, over their expected useful lives, by equal annual instalments. The principal rates used are:

Plant and machinery	10%
Fixtures, fittings and other equipment	10 - 33%

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Alfred Dunhill Pipes Limited

Notes to the accounts for the year ended 31 March 2001 (continued)

1 Principal accounting policies (continued)

Pension scheme arrangements

Pension costs, which are charged to the profit and loss account, are calculated on actuarial valuation methods, which give a substantially even charge over the expected service lives of employees.

Note 14 to the accounts provides further details relating to pension scheme arrangements.

The Company provides no other post retirement benefits to its employees.

Cash flow statement

No cash flow statement has been prepared as, in accordance with Financial Reporting Standard No. 1 Revised, the Company is exempt from this requirement as it is a wholly owned subsidiary whose cash flows are included in the Richemont Holdings (UK) Limited cash flow statement.

2 Turnover

Turnover, which excludes value added tax, includes sales to other companies within the Alfred Dunhill group. Turnover represents the invoiced value of goods supplied and also includes royalties and similar income receivable. The geographical analysis of turnover is as follows:

	2001 £'000	2000 £'000
United Kingdom	1,073	1,192
Rest of Europe	909	1,524
Far East and Australia	408	620
America	420	688
Other	59	54
	<u>2,869</u>	<u>4,078</u>

Alfred Dunhill Pipes Limited

Notes to the accounts for the year ended 31 March 2001 (continued)

3 Net interest receivable

	2001 £'000	2000 £'000
Interest received and similar income	136	83
Interest paid and similar charges	(7)	(9)
Net interest receivable	<u>129</u>	<u>74</u>

4 Operating profit

Operating profit is stated after charging the following items:

	2001 £'000	2000 £'000
Loss on disposal of tangible fixed assets	-	3
Auditors' remuneration - for audit services	16	16
- for non audit services	4	6
Depreciation of tangible fixed assets	34	40
Hire of plant and machinery - operating leases	<u>14</u>	<u>12</u>

5 Directors' emoluments

	2001 £'000	2000 £'000
Aggregate emoluments	<u>37</u>	<u>84</u>

Retirement benefits are accruing to 4 directors under the Group's defined benefit pension scheme.

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Notes to the accounts for the year ended 31 March 2001 (continued)

6 Employee information

The average monthly number of persons employed by the Company (including executive directors) during the year in the sale and distribution of pipes and other smokers' requisites was 33 (2000: 35).

Their aggregate compensation was as follows:

	2001 £'000	2000 £'000
Gross wages and salaries	685	665
Social security costs	47	50
Termination benefits	-	8
Pension costs	(263)	(241)
	<u>469</u>	<u>482</u>

7 Taxation on profit on ordinary activities

Taxation is based on the profit on ordinary activities for the year and comprises:

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30% (2000: 30%)	-	-
Prior year corporation tax	-	(15)
Taxation charge on profit on ordinary activities	<u>-</u>	<u>(15)</u>

The taxable profit for the year has been offset against losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the Company.

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Notes to the accounts for the year ended 31 March 2001 (continued)

8 Tangible fixed assets

	Plant and Machinery £'000	Fixtures, fittings, tools and other equipment £'000	Total £'000
Cost			
At 1 April 2000	200	187	387
Additions	-	2	2
Disposals	(2)	-	(2)
At 31 March 2001	198	189	387
Depreciation			
At 1 April 2000	(177)	(111)	(288)
Charge for the year	(5)	(29)	(34)
Disposals	-	-	-
At 31 March 2001	(182)	(140)	(322)
Net book value at 31 March 2001	16	49	65
Net book value at 31 March 2000	23	76	99

9 Stocks

	2001 £'000	2000 £'000
Raw materials and consumables	356	377
Work in progress	169	157
Finished goods and goods for resale	821	637
	1,346	1,171

10 Debtors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade debtors	218	188
Amounts owed by parent undertaking and fellow subsidiary undertakings	2,554	1,554
Prepayments and accrued income	18	63
	2,790	1,805

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Notes to the accounts for the year ended 31 March 2001 (continued)

11 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	153	124
Amounts owed to fellow subsidiary undertakings	133	-
Accruals and deferred income	72	38
	<u>358</u>	<u>162</u>

12 Creditors: amounts falling due after more than one year

	2001 £'000	2000 £'000
Amounts owed to fellow subsidiary undertaking	<u>538</u>	<u>538</u>

13 Provisions for liabilities and charges

	2001 £'000	2000 £'000
At 1 April 2000	10	100
Utilised in year	(10)	(90)
At 31 March 2001	<u>-</u>	<u>10</u>

The provision was for legal costs and compensation for the infringement of patent rights.

Deferred taxation

The unprovided amount of the total potential (asset)/liability is set out below.

	2001 £'000	2000 £'000
Excess of tax allowances over depreciation	5	(1)
Other short term timing differences	(8)	130
	<u>(3)</u>	<u>129</u>

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Notes to the accounts for the year ended 31 March 2001 (continued)

14 Pension obligations

The Company participates in and contributes to the Richemont UK Pension Plan, a funded defined benefit group scheme. The pension cost in respect of this plan is assessed in accordance with the advice of an independently qualified actuary using the projected unit method of actuarial valuation. The pension cost and contributions for the year are calculated for the Plan as a whole and allocated between the participating employers after taking into account relevant payroll costs and historic contributions. The last formal actuarial valuation of the Plan was completed as at 31st March 1999.

The pension cost for the Company was a credit of £263,000 (2000: a credit of £241,000). Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular cost are spread over the average remaining service lives of current employees on a straight-line basis. At the balance sheet date the pension prepayment is £27,000 (2000: provision of £236,000). The pension cost for the year is recharged by a fellow group company and therefore the balance sheet prepayment is part of the amounts owed by group companies. The Company provides no other post retirement benefits to its employees.

Further details of this group pension plan, the actuarial assumptions used, and the latest actuarial valuation can be found in the financial statements of Richemont Holdings (UK) Limited for the year ended 31st March 2001.

15 Share capital

	2001 £'000	2000 £'000
Authorised		
20,000 ordinary shares of £1 each	<u>20</u>	<u>20</u>
Allotted, called up and fully paid:		
19,291 ordinary shares of £1 each	<u>19</u>	<u>19</u>

16 Statement of retained profit

	£'000
Retained profit at 1 April 2000	3,533
Profit for the financial year	625
Retained profit at 31 March 2001	<u>4,158</u>

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Notes to the accounts for the year ended 31 March 2001 (continued)

17 Reconciliation of movements in equity shareholders' funds

	2001 £'000	2000 £'000
Opening equity shareholders' funds	3,552	2,716
Retained profit for the financial year	625	836
Closing equity shareholders' funds	<u>4,177</u>	<u>3,552</u>

18 Financial commitments

The Company has entered into lease commitments under operating leases in the normal course of business. The Company does not have any commitments in respect of leases of land and buildings. The annual commitments, as at 31 March 2001, under these leases expire as follows:

	2001 £'000	2000 £'000
Due within one year	6	12
Expiring between two and five years inclusive	<u>10</u>	<u>6</u>

19 Related party transactions

In accordance with Financial Reporting Standard No. 8: Related Party Disclosure, the Company is exempt from disclosing transactions with entities that are part of the group, as it is a more than ninety per cent owned subsidiary undertaking of a parent whose consolidated accounts are publicly available.

20 Ultimate holding company

The Company is a subsidiary of Richemont Holdings (UK) Limited (registered in England and Wales).

The directors regard Compagnie Financière Richemont AG, a listed company incorporated in Switzerland, to be ultimate parent company. Shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purpose of Financial Reporting Standard No. 8, is regarded by the directors as the controlling party.

Copies of the accounts of Compagnie Financière Richemont AG are available from its registered office at Rigistrasse 2, CH-6300 Zug, Switzerland.