

Bucherer UK Limited

Directors' Report and Financial Statements

Year Ended

31 December 2021

Company Number 05209185



Bucherer UK Limited

Directors' Report and Financial Statements for the year ended 31 December 2021

Contents

Page:

1	Strategic Report
4	Directors' Report
6	Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements
7	Independent Auditor's Report to the members of Bucherer UK Limited
11	Profit and Loss Account and Other Comprehensive Income
12	Balance Sheet
13	Statement of Changes in Equity
14	Notes forming part of the Financial Statements

Directors

G M Zumbuhl
K P Muller
R A Clement
M Maronneau
D G Coleridge (Resigned 2 March 2021)

Registered office

8-9 Frith Street, London, W1D 3JB

Company number

05209185

Auditor

KPMG LLP, 15 Canada Square, London, E14 5GL

Bucherer UK Limited

Strategic Report for the year ended 31 December 2021

The directors present their strategic report together with the audited financial statements for Bucherer UK Limited (the "company") for the year ended 31 December 2021. The comparative period was the year ended 31 December 2020.

Principal activity

The principal activity of the company during the year was that of a watch and jewellery retailer.

Business review

The company's results are summarised in the profit and loss account on page 11. Turnover increased year on year by 38% to £93.1m (2020: £67.5m) and EBITDA (before group management fees of £3.9m (2020: £1.3m)) increased year on year by 147% to £12.1m (2020: £4.9m). The increase in year on year revenue and profitability was as a result of the COVID-19 pandemic and the related government imposed lockdowns causing the closure of non-essential retail for a larger proportion of the year in 2020 than in 2021. Whilst the company traded for a longer period in 2021 management continued to control the cost base and made use of the Government JRS scheme which resulted in the profitability increasing at a greater rate than revenue.

Definitions and Method of Calculation

EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Likely future developments

The Board's strategy is to drive growth in sales and EBITDA. A major key to the success of this strategy was the refurbishment of a key central London store and the opening of a new central London store in April 2021. Further plans for another development to open at the end of Q3 2022 are under way.

Key performance indicators

The company uses a range of financial key performance indicators to measure and manage performance of the business effectively. KPI's are assessed against budget and historical performance. Selected KPI's are presented below. Management are pleased with the performance given the government imposed lockdown and enforced closure of stores during Q1 2021.

	2021	2020	Change
Turnover	£93.1m	£67.5m	+38%
Gross Profit	£26.6m	£18.3m	+45%
Gross Profit % of Turnover	29%	27%	+2%
EBITDA (before group management fees)	£12.1m	£4.9m	+147%
EBITDA (before group management fees) % of Turnover	14%	7%	+7%
Inventory Turnover	3.2	1.9	+1.3

Greenhouse gas emissions, energy consumption and energy efficiency

	2021	2020
UK Energy consumed:	kWh	kWh
Electricity use	244,987	198,984
Gas combustion	-	-
Fuel consumption	-	-
UK Emissions from:	Tonnes CO2	Tonnes CO2
Scope 1 (Direct)	-	-
Scope 2 (Energy Indirect)	56.6	46.0
Scope 3 (Other indirect)	-	-
Company's Chosen Intensity Measurement	Ratio	Ratio
Total CO2 emissions per £m Revenue	0.61	0.68

Bucherer UK Limited

Strategic Report for the year ended 31 December 2021 (*continued*)

Greenhouse gas emissions, energy consumption and energy efficiency (*continued*)

Consumption data was determined by using invoices and annual statements from suppliers. Emissions were determined by applying the UK government conversion factors to the energy consumption values and aggregating the total.

In order to reduce energy consumption, heating in the company's head office is on a central timed control therefore heating is not left on overnight. The lighting system is programmed by a timer to only be active during office hours and approximately 95% of the lighting is on a motion sensitive switch. In addition, computers, monitors, printers and photocopiers are switched off overnight to minimise energy consumption.

Principal risks and uncertainties

The company operates in a competitive retail environment and, like other retailers, is exposed to consumer trends and spending levels, the latter being strongly determined by the macro-economic environment. A significant proportion of the company's business is in central London and any factors that affect shoppers coming to this area can affect sales. The development of e-commerce is helping to broaden out the customer base of the company.

The company operates some of its business through retail outlets within department stores and its ongoing trade is dependent on these contracts being maintained by the host stores. The ability of the host stores to generate footfall is important in creating sales activity. The company continues to work closely with host stores to develop this business.

The company is licensed by many of the key brands within the watch and jewellery market to retail their products. The continuance of these licences is important to ensure the breadth and depth of the product range. The company continues to work closely with the brands to provide a retail environment commensurate with the brand's aspirations.

The UK formally left the EU on 31 January 2020 and entered a period of transition which ended on 31 December 2020 and the UK exited the EU customs union. The vast majority of the company's suppliers and customers domicile in the UK. As a result, there has been no material impact on the company from changes to duty or VAT resulting from the exit of the EU customs union.

At the start of 2021, the UK continued to be impacted by the Coronavirus (COVID-19) outbreak, which the World Health Organisation (WHO) declared a global pandemic on 11 March 2020. Despite the company's strong financial position at the end of 2020, COVID-19 had a significant impact on revenues and profitability in the first quarter of 2021. This is mainly due to a decrease in revenues resulting from the temporary closure of all stores between late December 2020 and 14 April 2021 as a result of the government's requirement for the population to self isolate and non-essential retail to close. Subsequent to the reopening of stores on 14 April 2021 and further easing of social distancing on 19 July 2021, trade improved and the full year performance was above expectations. All of our stores remained open and continued to trade well throughout the year.

Political Contributions

The company made no political contributions or incurred any political expenditure during the year (2020:nil).

Research and development

The company was not involved in research and development activities during the current or preceding year.

Post balance sheet events

Please refer to note 22 for further consideration.

Bucherer UK Limited

Strategic Report for the year ended 31 December 2021 (*continued*)

Section 172 statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") came into force on 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private companies. The Regulations require Bucherer UK Limited (the "company") to report how the directors of the company have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172") during the reporting period 01 January 2021 to 31 December 2021.

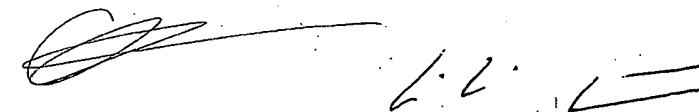
The duties under Section 172 are owed by the directors to the company. In the context of a group, being the Bucherer Holding AG group of companies, the company's directors owe their duties to the company and not to the parent company. However, the directors recognise the overall framework that Section 172 promotes is intended to drive the long-term success and economic viability of the company for the benefit of its sole shareholder and stakeholders.

The directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of their Section 172 duties. The directors receive regular updates on matters of corporate governance from the ultimate parent's group governance department. Bucherer UK Limited directors always consider whether the decision they are about to take leads to a positive long-term increase in the value of the company for the benefit of the shareholder and the company's wider stakeholder base.

For details of the issues, factors and stakeholders the directors consider relevant in complying with Section 172 and the main methods the directors have used to engage with stakeholders and understand the issues to which they must have regard, please refer to the Statement of engagement with suppliers, customers and others in a business relationship with the company on page 5.

Approval

This Strategic Report was approved by order of the Board on 30 June 2022.



M Maronneau
Director

K P Muller
Director

8-9 Frith Street
London
W1D 3JB

Bucherer UK Limited

Directors' Report for the year ended 31 December 2021

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2021.

Results and dividends

The profit and loss account is set out on page 11 and shows the profit for the year.

The directors do not propose a dividend for the year (2020: nil).

Directors

The directors of the company during the year were:

G M Zumbuhl
K P Muller
R A Clement
M Maronneau
D G Coleridge (Resigned 2 March 2021)

The company provided qualifying third-party indemnity provisions to its directors during the financial year and at the date of this report.

Financial risk management objectives and policies

Exposure to price, credit and liquidity cash flow risks

The company has funding arrangements with other group companies to support its working capital requirements. The company voluntarily paid down its loan facility in the year. It does not have any significant price or credit risks.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 and rising inflation on its operations and financial resources, the company will have sufficient funds to meet its liabilities as they fall due for that period. These forecasts are dependent on Bucherer Holding Limited and Bucherer Limited not seeking repayment of the amounts currently due from the company, which as at 31 December 2021 amounted to £3,987,186 (2020: £8,945,629) and £2,842,459 (2020: £2,842,459) respectively, for a period of at least 12 months from the date of approval of these financial statements.

Following the UK entering a further lockdown in December 2020 and until the reopening of stores in April 2021, the company took a number of actions to manage liquidity including furloughing staff, carefully managing non-essential spend, entering into negotiations with landlords and suppliers, freezing non-essential recruitment, reducing marketing spend and reducing capital and investment expenditure through postponing or pausing projects. During the lockdown period between December 2020 and April 2021, the company was able to trade only through reduced online channels and click & collect due to the closure of physical stores and the impact of this on access to available stockholdings kept in store.

The directors have considered the impact of COVID-19 carefully and have performed a detailed review of the company's projected cashflows over a period which extended beyond 12 months from the date of these accounts to December 2023. The approach included a review of the company's financial position and performance, a range of scenarios with regard to trading performance and assumptions over FY22/23 including assumptions to reflect stress tested scenarios having regard to the principal risks and uncertainties faced by the business including specific consideration of the potential risks associated with COVID-19 and rising inflation.

Bucherer UK Limited

Directors' Report (*continued*) for the year ended 31 December 2021

Going concern (*continued*)

The scenarios set out the possible cash impact for different levels of sales and inflated costs. They then set out the measures which the business could take to control costs, conserve cash and meet its liabilities as they fall due. The severe but plausible downside scenarios prepared incorporated double-digit reduction in like-for-like revenues trading alongside margin pressure on 2021 actuals for the remainder of the going concern period. They also incorporated a full store closure for two months in Q1 2023. The cost base has not been reduced to reflect the aforementioned two-month closure, providing further headroom to cashflow forecasts.

In all scenarios, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statement of engagement with suppliers, customers and others in a business relationship with the company

Positive and collaborative relationships with our customers, suppliers and other stakeholders are critical to the company's ongoing success.

Customer relationships are at the core of the business. Learning from the customer will continue to be a key aspect in helping to form future strategy.

Supplier relationships are critical to achieving our goal of providing quality products loved by our customers. Long term supplier relationships are critical to the company's ongoing success.

Other information

Other information including an indication of likely future developments in the business and post balance sheet events has been included in the Strategic Report on pages 1-3.

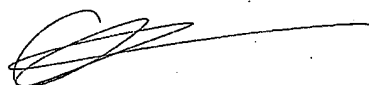
Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken to make themselves aware of relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



M Maronneau
Director



K P Muller
Director

8-9 Frith Street
London

30 June 2022

Bucherer UK Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements for the year ended 31 December 2021

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Bucherer UK Limited

Opinion

We have audited the financial statements of Bucherer UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the Members of Bucherer UK Limited
(continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from Bucherer UK Limited's own stores is recorded in the wrong period, the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition over revenue earned through concession stores because this is self-billed therefore there are limited judgements and this arrangement reduces the opportunity and incentive to commit fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected accounts where one side of the journal was posted to cash, or where the credit side of the journal was posted to revenue.
- Assessing significant accounting estimates for bias, including inventory provisions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

**Independent Auditor's Report to the Members of Bucherer UK Limited
(continued)**

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Bucherer UK Limited
(continued)

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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.

S. Fonseca

Sameena Fonseca (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

30 June 2022

Bucherer UK Limited

Profit and Loss Account and Other Comprehensive Income for the year ended 31 December 2021

	Note	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Turnover	3	93,093,732	67,462,316
Cost of sales		(66,538,674)	(49,125,252)
Gross profit		26,555,058	18,337,064
Administrative expenses		(20,665,238)	(17,088,653)
Other operating income	6	658,996	1,136,568
Operating profit	7	6,548,816	2,384,979
Interest payable and similar charges	8	(146,524)	(201,559)
Profit before taxation		6,402,292	2,183,420
Taxation on profit from ordinary activities	9	(1,319,882)	(361,607)
Profit for the year		5,082,410	1,821,813
Other comprehensive income		-	-
Total comprehensive income for the year		5,082,410	1,821,813

The results for both years arise from the company's continuing operations.

The company has no items of other comprehensive income or expense in the years being reported on.

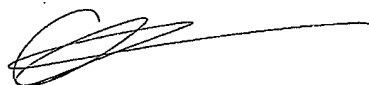
The notes on pages 14 to 25 form part of these financial statements.

Bucherer UK Limited

Balance Sheet as at 31 December 2021

<i>Company number 05209185</i>	<i>Note</i>	<i>31.12.21 £</i>	<i>31.12.20 £</i>
Fixed assets			
Tangible assets	10	8,531,996	8,476,972
Current assets			
Stocks	11	20,527,678	26,142,368
Debtors	12	5,983,776	5,304,574
Cash at bank and in hand		12,730,265	9,586,729
		<u>39,241,719</u>	<u>41,033,671</u>
Creditors: amounts falling due within one year	13	<u>(20,086,911)</u>	<u>(22,886,084)</u>
Net current assets		<u>19,154,808</u>	<u>18,147,587</u>
Total assets less current liabilities		<u>27,686,804</u>	<u>26,624,559</u>
Creditors: amounts falling due after one year	14	<u>-</u>	<u>(4,020,165)</u>
Net assets		<u>27,686,804</u>	<u>22,604,394</u>
Capital and reserves			
Called up share capital	17	200,000	200,000
Profit and loss account		27,486,804	22,404,394
Shareholders' funds		<u>27,686,804</u>	<u>22,604,394</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2022.



M Maronneau
Director



K P Muller
Director

The notes on pages 14 to 25 form part of these financial statements.

Bucherer UK Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2021	200,000	22,404,394	22,604,394
Total comprehensive income for the year	-	5,082,410	5,082,410
Balance at 31 December 2021	200,000	27,486,804	27,686,804

	Share capital £	Profit and loss Account £	Total Equity £
Balance at 1 January 2020	200,000	20,582,581	20,782,581
Total comprehensive income for the year	-	1,821,813	1,821,813
Balance at 31 December 2020	200,000	22,404,394	22,604,394

The notes on pages 14 to 25 form part of these financial statements

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021

1 Accounting policies

Bucherer UK Limited (the "company") is a private company incorporated, domiciled and registered in England. The registered number is 05209185 and the registered address is 8-9 Frith Street, London, W1D 3JB.

The financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. Please refer to note 2 for further consideration.

The company's intermediate undertaking, Bucherer Holding Limited, includes the company in its consolidated financial statements (see note 21). The consolidated financial statements of Bucherer Holding Limited are available to the public and may be obtained from 8-9 Frith Street, London, W1D 3JB. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 and rising inflation on its operations and financial resources, the company will have sufficient funds to meet its liabilities as they fall due for that period. These forecasts are dependent on Bucherer Holding Limited and Bucherer Limited not seeking repayment of the amounts currently due from the company, which as at 31 December 2021 amounted to £3,987,186 (2020: £8,945,629) and £2,842,459 (2020: £2,842,459) respectively, for a period of at least 12 months from the date of approval of these financial statements.

Following the UK entering a further lockdown in December 2020 and until the reopening of stores in April 2021, the company took a number of actions to manage liquidity including furloughing staff, carefully managing non-essential spend, entering into negotiations with landlords and suppliers, freezing non-essential recruitment, reducing marketing spend and reducing capital and investment expenditure through postponing or pausing projects. During the lockdown period between December 2020 and April 2021, the company was able to trade only through reduced online channels and click & collect due to the closure of physical stores and the impact of this on access to available stockholdings kept in store.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Going concern (continued)

The directors have considered the impact of COVID-19 carefully and have performed a detailed review of the company's projected cashflows over a period which extended beyond 12 months from the date of these accounts to December 2023. The approach included a review of the company's financial position and performance, a range of scenarios with regard to trading performance and assumptions over FY22/23 including assumptions to reflect stress tested scenarios having regard to the principal risks and uncertainties faced by the business including specific consideration of the potential risks associated with COVID-19 and rising inflation.

The scenarios set out the possible cash impact for different levels of sales and inflated costs. They then set out the measures which the business could take to control costs, conserve cash and meet its liabilities as they fall due. The severe but plausible downside scenarios prepared incorporated double-digit reduction in like-for-like revenues trading alongside margin pressure on 2021 actuals for the remainder of the going concern period. They also incorporated a full store closure for two months in Q1 2023. The cost base has not been reduced to reflect the aforementioned two-month closure, providing further headroom to cashflow forecasts.

In all scenarios, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover and income recognition

Turnover represents sales of goods and provision of services to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive payment. These criteria are considered to be met when the goods are delivered to the buyer.

Other operating income

Other operating income represents commission income receivable from third parties, government grants, as well as marketing income receivable from related parties. Other operating income is recognised in accordance with the timing of services provided.

Government grants

Government grants received in the year consist solely of those from the job retention scheme. These are initially recognised within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading "other operating income".

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	-	10%-33% per annum
Computer equipment	-	25% per annum

Consignment stock

Consignment stock remains the property of the consignor until they are sold. At the year end accordingly any consignment stock that remains unsold is neither recognised in stock or the related creditor.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Impairment

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired the carrying value of the asset (or the cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and fair value in use. For the purpose of assessing impairment assets are grouped at the lowest levels for which there are separate identifiable cashflows (CGU's).

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents cost of purchase together with attributable expenditure. Net realisable value is based on estimated selling price less additional costs to completion and disposal. At each reporting date, stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Operating leases

Annual rentals paid under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard to continue to be charged over the period to the first market rent review rather than the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement over the period to the underlying lease contract.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the income statement in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Interim equity dividends are recognised when paid.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Interest payable

Interest payable and similar expenses include interest payable on intercompany payables.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- *Determine whether there are indicators of impairment within tangible assets*

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- *Stock provisioning (see note 11)*

The company sells luxury goods and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (continued)

3 Turnover

Turnover and profit before tax are attributable to the principal activity of the company, relating to continuing operations, and wholly arises in the United Kingdom.

4 Employees

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Staff costs consist of:		
Wages and salaries	5,716,400	5,414,265
Social security costs	585,138	612,601
Other pension costs	168,822	190,973
	<u>6,470,360</u>	<u>6,217,839</u>
The average number of employees, including directors, during the year was:	Number	Number
Selling	97	107
Administration	29	29
	<u>126</u>	<u>136</u>

5 Directors' remuneration

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Directors' remuneration consists of:		
Emoluments	439,174	706,640
Pension scheme contributions	41,250	30,417
	<u>480,424</u>	<u>737,057</u>
Highest paid director:		
Emoluments	<u>235,355</u>	<u>327,047</u>

Pension contributions of £26,250 (2020: £nil) were made by the company in respect of the highest paid director.

Some directors of the company are incidental to their employment with Bucherer Holding AG, the ultimate parent company. As such, these directors do not receive remuneration in respect of their role as directors of the company.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

5 Directors remuneration (*continued*)

	31.12.21 Number	31.12.20 Number
The number of directors who were accruing benefits under the company pension schemes was as follows:		
Money purchase schemes	2	2

6 Other operating income

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Other sundry income	233,576	140,752
JRS grant Income	425,420	995,816
	<u>658,996</u>	<u>1,136,568</u>

As part of the government's financial support measures, the company received £425,420 (2020: £995,816) in grants from the Coronavirus Job Retention Scheme in order to help cover the cost of employees who were placed on furlough during the year.

7 Operating profit

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
This has been arrived at after charging:		
Depreciation of tangible assets (note 10)	1,621,833	1,254,223
Impairment of fixed assets	403,936	-
Loss on disposal of fixed assets	77,625	-
Auditor's remuneration:		
- audit services	90,000	86,500
- non audit services	45,750	46,729
Operating lease rentals (note 18):		
- land and buildings	2,503,987	3,741,079
- other operating leases	6,059,364	5,204,873

8 Interest payable and similar charges

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Interest payable on intercompany loans	<u>146,524</u>	<u>201,559</u>

Of the above amount, £146,524 (2020: £201,559) was payable to the ultimate parent company.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

9 Taxation on profit from ordinary activities

	2021 £	2020 £
<i>Current tax</i>		
UK corporation tax on profit for the year	1,149,388	137,495
Adjustments in respect of prior periods	13,910	18,222
	<hr/>	<hr/>
Total current tax	1,163,298	155,717
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	89,128	198,764
Adjustments in respect of prior periods	(6,120)	2,880
Effect of tax rate change on opening balance	73,576	4,246
	<hr/>	<hr/>
Total deferred tax (note 16)	156,584	205,890
	<hr/>	<hr/>
Total tax charge for year	1,319,882	361,607
	<hr/>	<hr/>

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK.
The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before taxation	6,402,292	2,183,420
	<hr/>	<hr/>
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,216,435	414,850
<i>Effects of:</i>		
Fixed asset differences	167,454	87,389
Expenses not deductible for tax purposes	15,342	20,851
Group relief claimed for no consideration	(182,104)	(186,831)
Adjustments in respect of prior periods (current tax)	13,910	18,222
Adjustments in respect of prior periods (deferred tax)	(6,120)	2,880
Adjustments to deferred tax charge in respect of change in tax rates	94,965	4,246
	<hr/>	<hr/>
Total tax charge for year	1,319,882	361,607
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2020: 19%).

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

10	Tangible assets	Fixtures and fittings £	Assets under construction £	Computer equipment £	Total £
	<i>Cost</i>				
	At 1 January 2021	12,607,904	3,946,129	952,451	17,506,484
	Transfers	3,946,129	(3,946,129)	-	-
	Additions	2,152,958	-	5,460	2,158,418
	Disposals	(1,403,532)	-	(19,086)	(1,422,618)
	At 31 December 2021	17,303,459	-	938,825	18,242,284
	<i>Depreciation</i>				
	At 1 January 2021	8,148,490	-	881,022	9,029,512
	Charge for the year	1,587,817	-	34,016	1,621,833
	Impairment	403,936	-	-	403,936
	Disposals	(1,325,907)	-	(19,086)	(1,344,993)
	At 31 December 2021	8,814,336	-	895,952	9,710,288
	<i>Net book value</i>				
	At 31 December 2021	8,489,123	-	42,873	8,531,996
	At 31 December 2020	4,459,414	3,946,129	71,429	8,476,972

The impairment of £403,936 (2020: nil) was in relation to items of shop fit installed in one of the company's concession locations. Management have reassessed the useful economic life of some of the items held in their concession stores based on trading performance. Consequently certain shop fittings have been impaired in the year.

11 Stocks

	31.12.21 £	31.12.20 £
Finished goods and goods for resale	20,527,678	26,142,368

There is no material difference between the replacement cost of stocks and the amounts stated above.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £61,065,265 (2020: £44,598,789). The write-down of stocks to net realisable value amounted to £317,637 (2020: £268,260).

As at 31 December 2021 the company held consignment stock with a cost of £1,342,458 (2020: £736,172). The benefits and risks of holding this stock had not passed to the company at the year end and accordingly neither the stock nor the related creditor has been recognised.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (continued)

12 Debtors

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Trade debtors	5,363,411	3,719,153
Prepayments and other debtors	620,365	240,438
Accrued income	-	398,232
Corporation tax	-	312,090
Amounts owed by group undertaking	-	634,661
	<u>5,983,776</u>	<u>5,304,574</u>

All amounts shown under debtors are expected to be received within one year.

13 Creditors: amounts falling due within one year

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Trade creditors	5,534,946	6,872,003
Amounts owed to group undertakings	9,128,489	11,788,088
Deferred tax liability (note 16)	395,689	239,105
Corporation tax	403,208	-
Other taxation and social security	1,059,131	88,888
Accruals and deferred income	3,259,028	3,388,776
Other creditors	306,420	509,224
	<u>20,086,911</u>	<u>22,886,084</u>

Accruals and deferred income include payments on account of orders of £866,395 (2020: £608,624). Amounts owed to group undertakings bear no interest and have no fixed term of repayment. Amounts owed to group undertakings includes £2,842,458 (2020: £2,842,458) owed to Bucherer Limited, £3,987,186 (2020: £8,945,630) owed to Bucherer Holding Limited and £2,298,845 (2020: £nil) to other group companies.

14 Creditors: amounts falling due after one year

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Amounts owed to group undertakings	-	4,020,165
	<u>-</u>	<u>4,020,165</u>

Amounts owed to group undertakings represent loans from group companies. These loans are unsecured and fall due after more than one year. The loan balance of £4,020,165 held at the prior year end was voluntarily repaid by the company during the year. This balance was accruing interest at a rate of 5% per annum and was contractually repayable on 22 December 2027.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (continued)

15 Financial instruments

Financial assets comprise those that are measured at amortised cost and include trade debtors, other debtors and amounts owed by group undertakings. Refer to note 12 for further details.

Financial liabilities comprise those that are measured at amortised cost and include trade creditors, amounts owed to group companies and other creditors. Refer to notes 13 & 14 for further details.

There are no financial assets or financial liabilities that are held at fair value through profit or loss and no derivative financial instruments designated as hedges of variable interest rate risk.

16 Deferred taxation

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
At 1 January	(239,105)	(33,215)
Charge for the year (note 9)	(156,584)	(205,890)
	<u>(395,689)</u>	<u>(239,105)</u>
At 31 December	(395,689)	(239,105)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Capital allowances in excess of depreciation	(399,175)	(241,659)
Short term timing differences	3,486	2,554
	<u>(395,689)</u>	<u>(239,105)</u>
Deferred tax liability	(395,689)	(239,105)

17 Share capital

	31.12.21 Number	Allotted, called up and fully paid 31.12.20 Number	31.12.21 £	31.12.20 £
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

All shares have full voting, dividend and capital distribution rights.

Bucherer UK Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (continued)

18 Commitments under operating leases

As at 31 December 2021, the company had total commitments under non-cancellable operating leases as set out below:

	31.12.21	31.12.21	31.12.20	31.12.20
	Land and	Other	Land and	Other
	Buildings	Operating	Buildings	Operating
	£	Leases	£	Leases
	£	£	£	£
Operating leases which expire:				
Not later than one year	2,933,090	4,996,460	4,374,373	4,120,605
Later than one year and not later than five years	11,191,868	-	9,263,672	-
After 5 years	13,504,063	-	17,168,977	-
	<u>27,629,021</u>	<u>4,996,460</u>	<u>30,807,022</u>	<u>4,120,605</u>

During the year £8,563,351 (2020: £8,945,952) was recognised as an expense in the profit and loss account in respect of operating leases.

19 Pension commitments

The company provides a defined contribution pension scheme to employees. At 31 December 2021, contributions totalling £27,947 (2020: £27,594) were due to the scheme and are included within accruals and deferred income.

20 Related party transactions

The company has taken advantage of the exemption allowed by paragraph 33.1A of FRS 102 Financial Reporting Standard 8, "Related party disclosures", not to disclose any transactions with members of the group headed by Bucherer Holding AG on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Other than directors' remuneration as disclosed in note 5 to these financial statements there were no further related party transactions during the current or prior year. The directors are considered to be key management personnel.

21 Ultimate parent undertaking

The immediate parent company is Bucherer Limited, a company incorporated in England with registered address 8-9 Frith Street, London, W1D 3JB. The company is a subsidiary undertaking of Bucherer Holding Limited. The ultimate controlling party is Bucherer Holding AG.

The largest group in which the results of the company are consolidated is that headed by Bucherer Holding AG, a Swiss company registered at Langensandstrasse 27, Lucerne 6005, Switzerland. These consolidated financial statements are not available to the public.

The smallest group in which they are consolidated is that headed by Bucherer Holding Limited registered at 8-9 Frith Street, London, W1D 3JB. These consolidated financial statements are available to the public and may be obtained from 8-9 Frith Street, London, W1D 3JB.

Bucherer UK Limited

**Notes forming part of the Financial Statements
for the year ended 31 December 2021 (*continued*)**

22 Post balance sheet events

As at the date of signing the directors had instigated the process for the strike off of the company's immediate parent Bucherer Limited, a company incorporated in England which owns 100% of the company's issued share capital.

There are no further material post balance sheet events as at the date of signature.