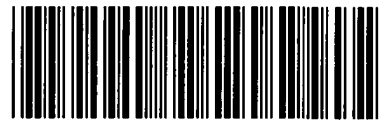


# **Tiffany & Co. Limited**

(Registered Number: 6412897)

## **Annual Report and Financial Statements For the year ended 31 January 2020**

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## **Tiffany & Co. Limited**

### **Strategic Report for the year ended 31 January 2020**

**The directors present their annual report and the audited financial statements of Tiffany & Co. Limited ('the Company') for the year ended 31 January 2020.**

#### **Principal activities and Business Review**

The Company's principal activity during the year was the sale of jewellery and related luxury goods.

The Company reported turnover during the year under review of £151,747,307 (2019: £149,002,346), a gross profit margin of 48% (2019: 45%) and a net operating profit margin before tax of 6% (2019: 6%).

Tiffany & Co. Limited's ('the Company') profit for the financial year was £7,355,141 (2019: £7,869,675). A dividend of £nil was declared and paid during the year (2019: £nil). As at 31 January 2020 the company has net assets of £80,671,736 (2019: £73,578,226).

During the year, one of the stand alone stores was partially closed at the end of May 2019 for refurbishment and the store was fully reopened first week of November 2019. At the balance sheet date, there was indication that the recoverable amount of tangible assets for the store using the value in use method was lower than their carrying value. An impairment loss of £5,008,797 (2019: £nil) was recognised and included in the administrative expenses in the statement of comprehensive income.

On November 24, 2019, Tiffany & Co. (the "Registrant") the Ultimate Parent entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Registrant, LVMH Moët Hennessy - Louis Vuitton SE. The directors do not foresee any significant changes or financial impacts in the principle activities of the Company because of the Merger Agreement.

At the time of signing the accounts, the directors do not have any further update on the timeline for completion.

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

An outbreak of a novel strain of the coronavirus, COVID-19, was identified in China in December 2019 and was subsequently recognized as a pandemic by the World Health Organization on March 11, 2020. This COVID-19 outbreak has severely restricted the level of economic activity around the world. As a result of the COVID-19 outbreak, a substantial number of the Company's retail stores were closed for some portion of time of fiscal year 2020.

#### **Future Developments**

The directors do not foresee any significant changes in the principal activities of the Company going forward.

#### **Going Concern**

On the basis of their assessment of the Company's financial position and resources and with the financial support from Tiffany & Co., the directors believe that the Company is well placed to manage its business risks. The directors have considered all current information available about the business and, based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

## **Tiffany & Co. Limited**

### **Strategic Report for the year ended 31 January 2020**

#### **Going Concern (continued)**

In their assessment of going concern, the directors have considered the impact of COVID-19 on the business; however, they cannot predict with certainty for how long and to what extent the COVID-19 outbreak will impact business operations or the global economy as a whole. The directors have also considered the potential impact on the Company of the pending merger of Tiffany & Co., the ultimate parent company of the Company, with and into an indirect wholly-owned subsidiary of LVMH Moët Hennessy-Louis Vuitton SE, with Tiffany & Co. as the surviving company in the merger. In forming its assessment, the directors also took into consideration that the Company relies on Tiffany and Company for product, which also bears inventory obsolescence risk. The directors have also made enquiries with group management regarding ongoing financial support for the Company from the Tiffany & Co. and have received documented commitment of continued support via letter of support from Tiffany & Co.. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Principal Risks and Uncertainties**

##### *General Economic Risk*

The Company's revenue is derived from the sale of luxury goods. In the event that low or negative growth occurs in the economy, discretionary spending on such luxuries may reduce. Although the factors which contribute to this risk are outside of the Company's control, the directors feel that the Company's exposure to this risk is less severe than many of its competitors due to the breadth of the product assortment it offers.

##### *Covid19*

An outbreak of a novel strain of the coronavirus, COVID-19, was identified in China in December 2019 and was subsequently recognized as a pandemic by the World Health Organization on March 11, 2020. This COVID-19 outbreak has severely restricted the level of economic activity around the world. The extent to which the COVID-19 outbreak impacts the Company's business operations, financial results, and liquidity will depend on numerous factors that the Company may not be able to accurately predict or assess due to their dynamic and evolving nature, including the duration and scope of the COVID-19 outbreak; the negative impact the outbreak has on global and regional economies and economic activity, including the duration and magnitude of its impact on consumer discretionary spending and levels of consumer confidence; and how quickly economies recover after the COVID-19 outbreak subsides. In light of the impact of COVID-19, the Company has also been reviewing and carefully managing its operating expenses and eliminating certain non-essential spending.

##### *Brexit*

Changes related to Brexit could significantly disrupt the free movement of goods, services, and people between the U.K. and the E.U., and result in potential higher costs of conducting business in Europe. Brexit could also lead to legal uncertainty and potentially divergent national laws and regulations in the U.K. and the E.U. The Company may incur additional costs and expenses as it adapts to these potentially divergent regulatory frameworks, and may face additional complexity with regard to immigration and travel rights for its employees located in the U.K. and the E.U. There may also be similar referendums or votes in other European countries in which the Company does business. The U.K.'s withdrawal from the E.U. and the uncertainty surrounding the terms of this withdrawal, as well as the impact of any similar circumstances that may arise elsewhere in Europe, could increase the Company's costs and adversely impact consumer and investor confidence. While these factors, and the effect thereof, are difficult to predict, any one or more of them could lower the Company's revenues, increase its costs, reduce its earnings or disrupt its business.

## **Tiffany & Co. Limited**

### **Strategic Report for the year ended 31 January 2020 (Continued)**

#### *Foreign Exchange Rate Risk*

The Company effects substantial transactions with Tiffany and Company (a New York Corporation) and is therefore exposed to the risk that the sterling to US dollar exchange rate may fluctuate to its detriment. The Company seeks to mitigate this exposure by entering into forward contracts. Information on how the Group's foreign exchange risk is mitigated, including policies on the Group's use of forward contracts, can be found on page K-50 of the ultimate parent company's annual report for the year ended 31 January 2020.

#### *Brand Protection*

The Company is exposed to the risk that its brand may become denigrated by the sale of counterfeit merchandise. The Company protects itself by promoting brand awareness with both internal and external customers.

#### **Financial Risk Management**

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, foreign exchange rate risk and interest rate risk. The Company has in place a risk management programme that seeks to manage the financial exposures of the Company by managing foreign exchange liabilities and ensuring a strong control environment surrounding sales of merchandise on credit.

As part of a New York Stock Exchange quoted group, the Company is subject to the Group's policies to ensure proper monitoring and control of financial risk. The policies are set by the Group and are implemented by the Company's finance department. The Company adopts controls reflecting differences in local regulation, systems and the operation of the business as appropriate.

#### *Price Risk*

The Company has no exposure to equity securities price risk, as it holds no listed or other equity investments.

#### *Interest Rate Risk*

The Company has interest bearing assets which are solely held with top tier financial institutions to minimise counterparty risk. These cash balances earn interest at a variable rate. The Company does not have any interest bearing liabilities.

#### *Foreign Exchange Risk*

The Company is exposed to foreign exchange risks in the normal course of business, principally on the purchase of products for resale denominated in US dollars. The Company seeks to mitigate this exposure by entering into forward contracts and the fair values of these forward contracts are reflected in the Company's Financial Statements at year end.

## Tiffany & Co. Limited

### Strategic Report for the year ended 31 January 2020 (Continued)

#### Key Performance Indicators

The key performance indicators used to assess the performance of the business are summarised in the table below.

	2020	2019
Turnover	£151,747,307	£149,002,346
Profit	£7,355,141	£7,869,675
Gross profit margin	48%	45%
Net operating profit margin	6%	6%

For further details on the key performance indicators used by the Group refer to page K-27 of the Tiffany & Co. Annual Report on Form 10-K for the year ended 31 January 2020.

#### Statement of the Directors in performance of their statutory duties in accordance with s172

The Company's key strategic priorities are to:

- Amplify an evolved brand message.
- Renew the Company's product offerings and enhance in-store presentations.
- Deliver an exciting omnichannel customer experience.
- Strengthen the Company's competitive position and lead in key markets.
- Cultivate a more efficient operating model.
- Inspire an aligned and agile organization to win.

By pursuing these key strategic priorities, management is committed to the following long-term financial objectives:

- To achieve sustainable sales growth.
- To increase retail productivity and profitability.
- To achieve improved operating margins, through both improved gross margins and efficient expense management.
- To improve inventory and other asset productivity and cash flow.
- To maintain a capital structure that provides financial strength and the ability to invest in strategic initiatives,

The Company's success depends upon its people and their effective execution of the Company's strategic priorities. The Company's management strives to motivate and develop employees with the core competencies and adaptability needed to achieve its objectives.

The Company endeavours to foster strong relationships with its key stakeholders by publicly disclosing regular reports as required by applicable law.

Corporate social responsibility has long been a priority of the Company. The Company strives to protect the interests of our shareholders, customers, employees and other stakeholders through responsible business decisions that reflect the integrity of the TIFFANY & CO. brand in both the short- and long-term; enhance the communities in which we source, operate and sell our merchandise; improve our environmental performance; and promote responsible practices within our supply chain and our industry. Underscoring the importance of sustainability and corporate social responsibility to the Company, the Board of Directors of Tiffany & Co. established a Corporate Social Responsibility Committee in 2009.

The Company has a long-standing policy governing business conduct for all Company employees worldwide. The policy requires compliance with law and avoidance of conflicts of interest and sets standards for various activities to avoid the potential for abuse or the occasion for illegal or unethical activities.

## **Tiffany & Co. Limited**

### **Strategic Report for the year ended 31 January 2020 (Continued)**

#### **Statement of the Directors in performance of their statutory duties in accordance with s172 (continued)**

This policy covers, among other activities, the protection of confidential Company information, insider information and transactions in Company securities, the acceptance of gifts from those seeking to do business with the Company, the giving of gifts or other items of value to third parties, processing one's own transactions, protection of computer passwords, political contributions made through the use of Company funds, prohibition of discrimination or harassment, theft, unauthorized disposition or unauthorized use of Company assets and reporting dishonest activity. Each year, all employees are required to review the policy, report any violations or conflicts of interest and affirm their obligation to report future violations to management.

On behalf of the Board



M Erceg  
Director

21<sup>st</sup> December 2020

## **Tiffany & Co. Limited**

### **Report of the directors for the year ended 31 January 2020**

The directors present their annual report and the audited financial statements of Tiffany & Co. Limited ('the Company') for the year ended 31 January 2020.

#### **Future Developments**

Refer to Strategic Report.

#### **Financial Risk Management**

Refer to Strategic Report.

#### **Dividends**

No dividend was declared and paid during the year (2019: £nil).

#### **Post Balance Sheet events**

Refer to Strategic Report.

#### **Directors**

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

M Erceg  
P Galtie  
L Harlan  
M Jacheet

#### **Political donations**

During the year, there were no political donations.

#### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from disability.

#### **Employee engagement statement**

Consultation with employees has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through Tiffany Group weekly update e-mails, intranet, and quarterly meetings.

The group also operate equity-settled, share based compensation schemes in relation to the equity of Tiffany & Co., in which certain employees are entitled to take part.

## **Tiffany & Co. Limited**

### **Report of the directors for the year ended 31 January 2020 (Continued)**

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

The Company endeavours to foster strong relationships with its key stakeholders by publicly disclosing regular reports as required by applicable law.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

#### ***Directors' confirmations***

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



## **Tiffany & Co. Limited**

### **Report of the directors for the year ended 31 January 2020 (Continued)**

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

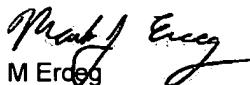
In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he or she has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent Auditors**

Pursuant to section 487 of the Companies Act 2006, the company's auditors PricewaterhouseCoopers LLP deemed re-appointed.

On behalf of the board



M Erceg  
Director

21<sup>st</sup> December 2020

## **Tiffany & Co. Limited**

Registered Number 6412897

# ***Independent auditors' report to the members of Tiffany & Co. Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Tiffany & Co. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 January 2020; the Statement of Comprehensive Income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Tiffany & Co. Limited**

Registered Number 6412897

# ***Independent auditors' report to the members of Tiffany & Co. Limited (continued)***

## **Report on the audit of the financial statements (continued)**

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### **Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic Report and Report of the directors***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the directors for the year ended 31 January 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the directors.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Tiffany & Co. Limited**

Registered Number 6412897

***Independent auditors' report to the members of  
Tiffany & Co. Limited (continued)***

**Report on the audit of the financial statements (continued)**

*Use of this report*

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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**Other required reporting**

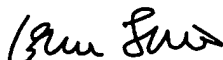
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**Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Emma Jarvis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21<sup>st</sup> December 2020

**Tiffany & Co. Limited**  
**Registered Number 6412897**

**Statement of Comprehensive Income for the Year Ended 31 January 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	4	151,747,307	149,002,346
<b>Cost of sales</b>	13	(79,529,461)	(82,305,975)
<b>Gross profit</b>		72,217,846	66,696,371
<b>Administrative expenses</b>		(62,802,047)	(58,394,354)
<b>Operating profit</b>	5	9,415,799	8,302,017
<b>Other interest receivable and similar income</b>	6	49,198	25,024
<b>Profit before taxation</b>		9,464,997	8,327,041
<b>Tax on profit</b>	10	(2,109,856)	(457,366)
<b>Profit for the financial year</b>		7,355,141	7,869,675
<b>Other comprehensive (expense)/income:</b>			
<b>Cash flow hedges</b>			
- Change in value of hedging instrument, net of tax		(399,152)	1,354,488
<b>Other comprehensive (expense)/income for the year, net of tax</b>		(399,152)	1,354,488
<b>Total comprehensive income for the year</b>		6,955,989	9,224,163

The results for the years ended 31 January 2020 and 31 January 2019 derive entirely from continuing operations.

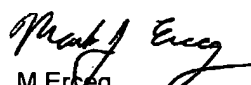
The notes on pages 15 to 29 form part of these financial statements.

**Tiffany & Co. Limited**  
**Registered Number 6412897**

**Balance Sheet as at 31 January 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	5,086,785	6,434,434
		5,086,785	6,434,434
<b>Current assets</b>			
Stocks	13	72,710,603	64,432,749
Debtors	14	32,357,807	20,034,743
Deferred tax	16	448,948	185,559
Cash at bank and in hand		14,064,988	7,681,253
		119,582,346	92,334,304
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(43,997,395)	(25,190,512)
		(43,997,395)	(25,190,512)
<b>Net current assets</b>			
		75,584,951	67,143,792
<b>Total assets less current liabilities</b>			
		80,671,736	73,578,226
<b>Net assets</b>			
		80,671,736	73,578,226
<b>Capital and reserves</b>			
Called up share capital	17	2	2
Capital redemption reserve		42,031,968	42,031,968
Other reserves		2,602,237	2,464,716
Cashflow hedge reserve		(25,910)	373,242
Retained earnings		36,063,439	28,708,298
<b>Total shareholders' funds</b>			
		80,671,736	73,578,226

The financial statements on pages 12 to 29 were approved by the Board of Directors on 21<sup>st</sup> December 2020 and were signed on its behalf by:

  
M Erceg  
Director

## Tiffany & Co. Limited

Registered Number 6412897

### Statement of changes in equity for the Year Ended 31 January 2020

	Note	Called up Share capital £	Capital redemption reserve £	Other reserves £	Cashflow hedge reserve £	Retained earnings £	Total shareholders' funds £
<b>At 1 February 2018</b>		2	42,031,968	2,331,324	(981,246)	20,838,623	<b>64,220,671</b>
Total Comprehensive income for the year		-	-	-	1,354,488	7,869,675	<b>9,224,163</b>
Credit relating to equity settled share based payments	20	-	-	133,392	-	-	<b>133,392</b>
<b>At 31 January 2019</b>		2	42,031,968	2,464,716	373,242	28,708,298	<b>73,578,226</b>
Total Comprehensive income for the year		-	-	-	(399,152)	7,355,141	<b>6,955,989</b>
Credit relating to equity settled share based payments	20	-	-	137,521	-	-	<b>137,521</b>
<b>As at 31 January 2020</b>		2	<b>42,031,968</b>	<b>2,602,237</b>	<b>(25,910)</b>	<b>36,063,439</b>	<b>80,671,736</b>

The capital redemption reserve represents a capital contribution on the transfer of assets from Tiffany & Co. (GB).

The cashflow hedge reserve relates to the gain or (loss) on forward contracts that qualify for hedge accounting. It presented net of related tax effects at current corporation tax rate at 19%.

Other reserves relate to the capital contribution in relation to the share-based payments for equity-settled share based compensation schemes in relation to the equity of Tiffany & Co. in which certain UK employees are entitled to take part.

# **Tiffany & Co. Limited**

## **Notes to the Financial Statements for the Year Ended 31 January 2020**

### **1 General information**

Tiffany & Co. Limited is a private limited company limited by shares and it is incorporated in England and Wales. The address of its registered office 25 Old Bond Street, London W1S 4QB.

The Company's principal activity during the year was the sale of jewellery and related luxury goods.

### **2 Statement of compliance**

The individual financial statements of Tiffany & Co. Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3 Summary of significant accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **a) Basis of Preparation**

The financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of this note.

#### **b) Going Concern**

On the basis of their assessment of the Company's financial position and resources and with the financial support from Tiffany & Co., the directors believe that the Company is well placed to manage its business risks. The directors have considered all current information available about the business and, based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In their assessment of going concern, the directors have considered the impact of COVID-19 on the business; however, they cannot predict with certainty for how long and to what extent the COVID-19 outbreak will impact business operations or the global economy as a whole. The directors have also considered the potential impact on the Company of the pending merger of Tiffany & Co., the ultimate parent company of the Company, with and into an indirect wholly-owned subsidiary of LVMH Moët Hennessy-Louis Vuitton SE, with Tiffany & Co. as the surviving company in the merger. In forming its assessment, the directors also took into consideration that the Company relies on Tiffany and Company for product, which also bears inventory obsolescence risk. The directors have also made enquiries with group management regarding ongoing financial support for Tiffany and Co UK from the Group and have received a commitment of continued support.

Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **c) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Tiffany & Co. Limited is a qualifying entity as its results are consolidated into the consolidated financial statements of Tiffany & Co. Group which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from disclosing share based payments arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, concerning its own equity instruments;
- iv) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- v) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

##### **d) Turnover**

Turnover represents sales to third parties through retail outlets in the United Kingdom and sales through the internet to customers across eight European countries.

Turnover excludes value added tax and is presented net of the estimated value of sales returns. Sales to customers through retail stores are recognised on completion of the transaction. Sales through the internet are recognised on acceptance of the merchandise by the third party customers. Sales of stock to other Tiffany & Co. entities are recognised on acceptance of the merchandise.

##### **e) Foreign Currencies**

###### *i) Functional and presentation currency*

The Company's functional and presentation currency is pound sterling.

###### *ii) Transactions and balances*

The Company seeks to mitigate foreign exchange exposure by entering into forward contracts and the fair values of these forward contracts are reflected in the Company's Financial Statements at year end.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income.

##### **f) Employee Benefits**

The Company provides a range of benefits to employees, including paid holiday arrangements, defined contribution scheme and share based payments.

###### *i) Short term benefits*

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

# Tiffany & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

### 3 Summary of significant accounting policies (Continued)

#### f) Employee Benefits (continued)

##### *ii) Defined contribution scheme*

The Company contributes to pension schemes for its employees in the UK. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting year.

##### *iii) Share Based Payments*

The ultimate parent company, Tiffany & Co., operates equity-settled, share based compensation schemes in which certain UK employees are entitled to take part. The total amount expensed over the vesting period is determined by reference to the fair value of awards granted and is charged to the Statement of Comprehensive Income on a straight-line basis over the vesting period (four years from the date of grant).

#### g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

##### *i) Current taxation*

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### *ii) 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 differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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.

#### h) Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Leasehold improvements	10-100
Fixtures and fittings	0-20
Office furniture and equipment	10-50

Leasehold improvements are depreciated over the shorter of the remaining period of the lease and the useful economic life of the asset.

## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **h) Tangible Assets (continued)**

Repairs, maintenance and minor inspection cost are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

##### **i) Operating Leases**

###### *i) Operating Leased Assets*

Leases that do not transfer all of the risk and rewards of ownership are classified as operating leases. Costs in respect of operating leases are charged on a straight-line basis over the lease term.

###### *ii) Lease Incentives*

Benefits received and receivable as incentives to sign leases are spread on a straight line basis over the lease term or, if shorter, over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition (1 February 2014) to FRS 102 and continues to credit such lease incentives to the Statement of Comprehensive Income over the period to the first review date on which the rent is adjusted to market rates.

##### **j) Impairment of Non-financial Assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

##### **k) Stocks**

Stocks are stated at the lower of cost (including related freight and duty) and estimated selling price less cost to complete and sell. In the case of jewellery which is individually registered, its cost allocated on an individual product basis. The cost of other stocks is determined on a weighted average basis.

## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **l) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

##### **m) Financial instruments**

The Company has chosen to adopt the recognition and measurement provisions of IAS 39 and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

###### *i) Classification*

The Company measures its financial assets and liabilities at fair value with gains and losses recognised in profit or loss or at amortised cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

###### **a) Financial assets and liabilities measured at fair value through profit or loss**

Financial assets and liabilities measured at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset and liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets and liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

###### **b) Financial assets and liabilities measured at amortised cost**

Financial assets and liabilities such as cash, trade and other debtors, trade and other payables and loans due to/from related undertakings are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market are basic financial instruments. They are included in current assets and liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets and liabilities.

###### *ii) Recognition and Measurements*

Purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income.

Basic financial assets and liabilities are initially recognised at transaction price and subsequently at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within interest income or expenses in the period in which they arise.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Hedge accounting is applied to derivatives. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in Statement of Comprehensive Income under the Cashflow Hedge Reserve.

## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **m) Financial instruments (continued)**

###### *iii) Impairment*

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

###### *iv) De-recognition*

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

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

###### *v) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **n) Critical accounting judgements and key source of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

There were no critical judgements

###### **Critical accounting estimates**

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

###### *- Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible fixed assets, and note 3(j) for the useful economic lives for each class of assets.

## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **3 Summary of significant accounting policies (Continued)**

##### **n) Critical accounting judgements and key source of estimation uncertainty (continued)**

*- Impairment of leasehold improvements in tangible assets*

Determining whether the Company's leasehold improvements in tangible assets have been impaired requires estimations of the recoverable amount of the net book values of the leasehold improvements. The recoverable amount is the higher of the fair value less costs of disposal and value in use. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash generating units over the term of lease taking into account option to extend and suitable discount rates in order to calculate the present values. The models are based on revenue growth and operating margin as well as the following key assumptions used in our calculations:

	%
Long term growth rate	2.00
Pre-tax Discount rate	10.00

## Tiffany & Co. Limited

### Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

#### 4 Turnover

Turnover represents sales to third parties through retail outlets in the United Kingdom and sales through the internet to customers across eight European countries as shown below.

	2020 £	2019 £
United Kingdom	134,974,559	131,661,926
Rest of Europe	16,772,748	17,340,420
	<b>151,747,307</b>	<b>149,002,346</b>

#### 5 Operating Profit

	2020 £	2019 £
Operating profit is stated after charging/(crediting):		
Depreciation on owned assets	3,636,816	3,058,861
Impairment of tangible assets (see note 12)	5,008,797	-
Services provided by the company's auditors:		
Fees payable for the audit	119,333	79,874
Fees payable for the audit of other group companies (no non-audit services provided by the company's auditors)	10,000	10,000
Operating lease charges	12,617,337	12,226,815
Staff costs (see note 9)	15,707,672	14,303,380
Net realised exchange (gain)/loss	(499,945)	11,894

#### 6 Other Interest Receivable and Similar Income

	2020 £	2019 £
Interest receivable on bank deposits	<b>49,198</b>	<b>25,024</b>

#### 7 Directors' Emoluments

The directors are employed by other Tiffany Group companies and as such are not paid in their capacity as a director of this company (2019: nil).

One director is paid by Tiffany & Co. (UK) Holdings Limited; the remaining directors are paid by the ultimate parent company which makes no recharge to the Company. The directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries as the services provided to each subsidiary are not a consistent proportion of their total services over time.

## Tiffany & Co. Limited

### Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

#### 8 Employee Information

The monthly average number of persons employed by the Company, including executive directors, during the year was:

	2020 Number	2019 Number
By activity:		
Selling and distribution	339	301
Administration	23	29
	<b>362</b>	<b>330</b>

#### 9 Staff Costs

Employment costs of all employees including directors:

	2020 £	2019 £
Wages and salaries	13,583,279	12,451,772
Social security costs	1,538,023	1,353,325
Other pension costs (see note 18)	449,044	364,891
Cost of employees' share schemes (see note 20)	137,326	133,392
	<b>15,707,672</b>	<b>14,303,380</b>

#### 10 Tax on Profit

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits of the financial year	2,640,041	1,629,477
Adjustments in respect of prior years	(359,323)	(1,113,207)
Total current tax	<b>2,280,718</b>	<b>516,270</b>
<b>Deferred tax (see note 16)</b>		
Origination and reversal of timing differences	(190,964)	(29,872)
Adjustment in respect of prior years	-	(32,176)
Effect of changes in tax rates	20,102	3,144
Total deferred tax	<b>(170,862)</b>	<b>(58,904)</b>
Total tax per income statement	<b>2,109,856</b>	<b>457,366</b>
<b>Other comprehensive income items</b>		
Deferred tax current year (credit)/charge	<b>(92,527)</b>	<b>310,064</b>



## Tiffany & Co. Limited

### Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

#### 10 Tax on Profit (Continued)

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19.00%, (2019: 19 %). The differences are explained below:

	2020 £	2019 £
Profit before taxation	9,464,997	8,327,042
Profit multiplied by standard rate in the UK 19.00%, (2019: 19%)	1,798,349	1,582,138
Effects of:		
Expenses not deductible for tax purposes	1,144,732	394,717
Income not taxable	-	(1,830)
Effects of group relief/other reliefs	(494,004)	(375,419)
Adjustments in respect of prior years	(359,323)	(1,145,384)
Tax rate changes	20,102	3,144
	-	-
Total tax charge for the year	2,109,856	457,366

The Finance (No 2) Act 2015, provided for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017. The Finance Act 2016 enacted a further reduction to 17% with effect from 1 April 2020.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%

This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

The tax rate changes reflects the effect in the difference between current corporation tax rate at 19% and deferred tax rate at 17%, the future rate substantially enacted as at 31 January 2020. The deferred tax balances have been measured to reflect these in these statements.

There are no unrecognised tax losses carried forward.

#### 11 Dividends

The directors do not propose a final dividend in respect of the year ended 31 January 2020 (2019: £nil).

## Tiffany & Co. Limited

### Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

#### 12 Tangible Assets

	Leasehold improvements £	Fixtures and fittings £	Office furniture and equipment £	Total £
<b>Cost</b>				
At 1 February 2019	19,271,520	10,356,070	6,259,405	35,886,995
Additions	6,220,807	623,700	453,457	7,297,964
<b>At 31 January 2020</b>	<b>25,492,327</b>	<b>10,979,770</b>	<b>6,712,862</b>	<b>43,184,959</b>
<b>Accumulated depreciation</b>				
At 1 February 2019	14,684,052	9,251,914	5,516,595	29,452,561
Charge for the year	2,538,820	622,825	475,171	3,636,816
Impairment	4,314,538	546,456	147,803	5,008,797
<b>At 31 January 2020</b>	<b>21,537,410</b>	<b>10,421,195</b>	<b>6,139,569</b>	<b>38,098,174</b>
<b>Net book value</b>				
At 31 January 2020	3,954,917	558,575	573,293	5,086,785
At 31 January 2019	4,587,468	1,104,156	742,810	6,434,434

The impairment related to the carrying value of the fixed assets at the balance sheet date for one of the stand-alone stores. The store was refurbished during the year. An assessment using the value in use model by discounting expected future cash flows was carried out and it indicated that the carrying value of the store fixed assets which included the costs of the refurbishments exceeded its recoverable amount.

#### 13 Stocks

	2020 £	2019 £
Finished goods	72,710,603	64,432,749

The amount of stocks recognised as an expense during the year was £78,411,024 (2019: £62,885,283). The adjustment to the purchase of inventory recognised as an expense during the year was £10,375,572 credit (2019: £10,188,426 debit).

There is no material difference between the carrying amount of stocks and the replacement cost.

#### 14 Debtors

	2020 £	2019 £
Trade debtors	3,094,877	2,755,913
Amounts owed by group undertakings	17,730,010	8,242,947
Other debtors	9,498,569	6,191,570
Corporation tax	-	921,918
Forward contracts	-	47,779
Prepayments and accrued income	2,034,351	1,874,616
	<b>32,357,807</b>	<b>20,034,743</b>

## Tiffany & Co. Limited

### Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

#### 14 Debtors (continued)

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

Included within trade debtors are amounts of £2,298,030 (2019: £1,904,761) due to the Company in relation to concession agreements. Amounts owed by the Company under such agreements in relation to rent and commission are included within accruals and deferred income (see note 15) and totalled £356,918 as at 31 January 2020 (2019: £251,094).

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency loans. At 31 January 2020, the outstanding contracts all mature within 11 months of the year end (2019: all mature within 11 months of the year end). The Group is committed to buy \$17,108,000 and pay a fixed amount of 13,233,000 in GBP (2019: committed to buy \$19,425,000 and pay a fixed amount of 14,660,000 in GBP). These transactions are recognised at fair value through other comprehensive income.

#### 15 Creditors: Amounts Falling Due Within One Year

	2020 £	2019 £
Trade creditors	1,599,073	1,056,672
Amounts owed to group undertakings	33,887,381	16,249,330
Other creditors	670,851	1,602,734
Corporation tax	558,631	-
Taxation and social security	966,254	511,962
Forward contracts	205,056	40,638
Accruals and deferred income	6,110,149	5,729,176
	<b>43,997,395</b>	<b>25,190,512</b>

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

#### 16 Deferred tax

Deferred tax assets in the financial statements comprises:

	2020 £	2019 £
Opening deferred tax balance	185,559	436,720
Adjustment in respect of prior years	-	32,176
Deferred tax credit in P&L for the year	170,862	26,727
Deferred tax credit/(debit) in OCI for the year	92,527	(310,064)
	<b>448,948</b>	<b>185,559</b>
Closing deferred tax balance	<b>448,948</b>	<b>185,559</b>
Comprising:		
Capital allowances in excess of depreciation	433,006	265,594
Short term timing differences	15,942	(80,035)
	<b>448,948</b>	<b>185,559</b>

## Tiffany & Co. Limited

### Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)

#### 17 Called Up Share Capital

	2020 £	2019 £
<b>Allotted, issued, called up and fully paid</b>		
2 ordinary shares of £1 each (2019: 2)	2	2

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

#### 18 Pension Obligations

The pension charge represents contributions payable by the Company amounted to £449,044 in the year (2019: £364,891). There is an accrued pension liability of £35,000 as at 31 January 2020 (2019: £33,500).

#### 19 Financial Commitments

The Company had the following future minimum lease payments non-cancellable operating lease for each of the following years:

	2020 £	2019 £
		Restated
Payment due:		
Not later than one year	13,303,300	14,311,043
Later than one year and not later than five years	27,170,520	28,050,135
Later than five years	1,250,000	543,941
	<b>41,723,820</b>	<b>42,905,119</b>

The majority of leases of land and buildings are subject to periodic rent reviews. Excluded from the above are contingent lease payments, which are dependent on sales.

The prior year comparatives for payments due later than one year and five years have been revised to exclude the option to extend a lease for one of the stand alone stores.

#### 20 Share Based Payments

##### Share options

Under the Employee Incentive Plan, the ultimate parent company can grant options over shares in the ultimate parent company to employees of the Tiffany & Co. Group. Options may not be granted for an exercise price below the market price of the shares under option at the date of grant. Options have a maximum term of 10 years. Options awarded under the Employee Incentive Plan are generally reserved for employees at management level and above. Since 2005 no options have been awarded to any UK employees. Options granted under the Employee Incentive Plan become exercisable in increments of 25% per year over a four year period, subject to continued employment. Options were valued using the Black-Scholes option-pricing model. There are no performance conditions associated with the share options. Options are forfeited in the event that the option holders' employment with the Company ceases. There are no options outstanding at 31 January 2020 (2019: none).

## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **20 Share Based Payments (continued)**

##### **Share awards**

Under the Employee Incentive Plan, the ultimate parent company can grant restricted stock units over shares in the ultimate parent company to employees of the Company. Restricted stock units awarded under the Employee Incentive Plan are generally reserved for employees at director level and above. The awards vest primarily in increments of 25% over a four year period subject to continued employment. The awards have an exercise price of £nil.

The fair value of share awards was determined by reference to the market price of the shares on the date of grant. No adjustment was made for dividends foregone during the vesting period as the directors have determined that this would not significantly change the fair value.

None of the awards outstanding at 31 January 2020 were exercisable at that date. The fair value of awards granted during the year was \$114.39 (2019: \$103.71).

As a qualifying entity under Section 1 of FRS 102, the Company is exempted from certain disclosures of share based payment as they are disclosed in the consolidated financial statements into which the Company is consolidated.

#### **21 Ultimate Parent Undertaking and Controlling Party**

The immediate parent undertaking is Tiffany & Co (GB).

The ultimate parent undertaking and controlling party is Tiffany & Co., a company incorporated in the United States of America.

Tiffany & Co. is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Tiffany & Co. Group are available from 727 Fifth Avenue, New York 10022 USA.

#### **22 Related Party Transactions**

The Company has taken an exemption as per paragraph 33.1A of FRS 102, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Tiffany & Co. Group, whose financial statements are publicly available.

## **Tiffany & Co. Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2020 (Continued)**

#### **23 Post Balance Sheet Event**

An outbreak of a novel strain of the coronavirus, COVID-19, was identified in China in December 2019 and was subsequently recognized as a pandemic by the World Health Organization on March 11, 2020. This COVID-19 outbreak has severely restricted the level of economic activity around the world. As a result of the COVID-19 outbreak, a substantial number of the Company's retail stores were closed for some portion of time of fiscal year 2020.

The extent to which the COVID-19 outbreak impacts the Company's business operations, financial results, and liquidity will depend on numerous factors that the Company may not be able to accurately predict or assess due to their dynamic and evolving nature, including the duration and scope of the COVID-19 outbreak; the negative impact the outbreak has on global and regional economies and economic activity, including the duration and magnitude of its impact on consumer discretionary spending and levels of consumer confidence; and how quickly economies recover after the COVID-19 outbreak subsides. Accordingly, management cannot predict with certainty for how long and to what extent the COVID-19 outbreak will impact its business operations or the global economy as a whole. The Company will continue to take steps to mitigate the potential risks posed by the spread and related circumstances and impacts of COVID-19.

Post balance sheet date, one of the stand-alone stores was permanently closed in June 2020. Another store has been closed since March 2020 and remains closed, due to COVID-19 restrictions at the signing date of the accounts.

The Company also carried out further impairment assessment on its retail stores taking COVID-19 into account and applying the accounting policies described in the note 3 (j) and (n) on the remaining net book values (NBV) of unimpaired retail stores' assets. The assessment indicated that a further impairment of its retail stores' NBV recognised in the range of £nil to £1,345,000.