Tiffany & Co. (UK) Holdings Limited

(Registered Number: 6500232)

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

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Tiffany & Co. (UK) Holdings Limited
Strategic Report for the year ended 31 January 2020

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

Principal activities and Business Review

The principal activity of the Company is to act as a holding company for various Tiffany and Co entities.

Tiffany & Co. (UK) Holdings Limited's ('the Company') loss for the financial year was £503,496 (2019: profit £123,679,376). No dividend was declared and paid during the year (2019: nil). The loss for the year of £503,496 has been transferred to reserves (2019: profit of £123,679,376). As at 31 January 2020 the company has net assets of £279,341,928 (2019: £279,348,646).

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.

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.

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.

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 subsidiaries engage in 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.

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 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.

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.

The Company is indirectly exposed to precious metal and diamond commodity price risk as a result of being a holding company in subsidiaries that engage in the sale of luxury jewellery. This risk is largely mitigated by the subsidiary undertakings passing on any increases in price of such commodities to customers.

Financial Risk Management (continued)

Price Risk

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

Credit Risk

The Company has minimal financial assets, other than cash, and therefore limited credit risk. Cash is held with banks with high credit ratings.

Interest Rate Risk

The Company has interest bearing liabilities that fund its activities. The risk of movements in interest rates is limited as these interest payments are fixed.

Key Performance Indicators

Given the nature of the Company's activities, the directors are of the opinion that KPIs are not necessary to provide an understanding of the Company's activities. The key performance indicators used by the Group can be found on page K-27 of the Tiffany & Co. Annual Report on Form 10-K for the year ended 31 January 2020.

On behalf of the Board

Mark J Erceg

M Erceg
Director

Tiffany & Co. (UK) Holdings 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. (UK) Holdings 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).

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:

L Harlan
M Erceg
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.

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 and departmental meetings.

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.

Disclosure of Information to the 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) they have 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

Mark J Erceg

M Erceg
Director

Independent auditors' report to the members of Tiffany & Co. (UK) Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tiffany & Co. (UK) Holdings 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 loss 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, and 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.

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.

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.

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.

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.

Independent auditors' report to the members of Tiffany & Co. (UK) Holdings Limited (continue)

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

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.

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. This description forms part of our auditors' report.

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.

Independent auditors' report to the members of Tiffany & Co. (UK) Holdings Limited (continue)

Other required reporting

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
21st December 2020

Statement of Comprehensive Income for the Year Ended 31 January 2020

	Note	2020 £	2019 £
Administrative expenses		(9,354,350)	(8,426,945)
Other operating income	8	8,344,764	8,000,540
Operating loss	4	(1,009,586)	(426,405)
Other income	5	-	127,130,395
Other interest receivable and similar income	6	604,629	446,706
Interest payable and similar expenses	7	(94,383)	(3,466,494)
(Loss)/Profit before taxation		(499,340)	123,684,202
Tax on (loss)/profit	12	(4,156)	(4,826)
(Loss)/Profit for the financial year		(503,496)	123,679,376

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

The notes on pages 12 to 27 form part of these financial statements.

Tiffany & Co. (UK) Holdings Limited
Registered Number 6500232

Balance Sheet as at 31 January 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	10,295	68,961
Investments	15	267,360,225	267,360,225
		267,370,520	267,429,186
Current assets			
Debtors	16	11,586,422	15,400,465
Cash at bank and in hand		5,933,810	5,957,824
		17,520,232	21,358,289
Creditors: amounts falling due within one year	17	(5,548,824)	(9,438,829)
Net current assets		11,971,408	11,919,460
Total assets less current liabilities		279,341,928	279,348,646
Net assets		279,341,928	279,348,646
Capital and reserves			
Called up share capital	19	125,729,540	125,729,540
Other reserves		1,872,240	1,375,462
Retained earnings		151,740,148	152,243,644
Total shareholders' funds		279,341,928	279,348,646

The financial statements on pages 9 to 27 were approved by the Board of Directors on 21st December 2020 and were signed on its behalf by:

M Erceg
Director

Tiffany & Co. (UK) Holdings Limited
Registered Number 6500232

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

	Note	Called up Share capital	Other reserves	Retained earnings	Total shareholders' funds
		£	**£**	**£**	**£**
At 1 February 2018		125,729,540	895,433	28,564,268	**155,189,241**
Profit for the financial year		-	-	123,679,376	**123,679,376**
Share based payment expense		-	480,029	-	**480,029**
At 31 January 2019		125,729,540	1,375,462	152,243,644	**279,348,646**
Loss for the financial year		-	-	(503,496)	**(503,496)**
Share based payment expense	**21**	-	496,778	-	**496,778**
As at 31 January 2020		**125,729,540**	**1,872,240**	**151,740,148**	**279,341,928**

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. (UK) Holdings Limited
Notes to the Financial Statements for the Year Ended 31 January 2020

1 General information
Tiffany & Co. (UK) Holdings 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 is that of an investment holding company and regional cost centre. No change in the Company's activity is envisaged in the foreseeable future.

2 Statement of compliance
The individual financial statements of Tiffany & Co. (UK) Holdings 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 and applicable accounting standards in the United Kingdom.

The company is able to take advantage of the exemption in section 401 of the Companies Act 2006 and as such, has not prepared consolidated financial statements of the company and its subsidiary undertakings.

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.

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.

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. (UK) Holdings 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) Foreign Currencies

i) Functional and presentation currency

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

ii) Transactions and balances

Exposures to fluctuations in foreign currency exchange rates for the Company are managed by its ultimate parent company, Tiffany & Co., through the use of forward currency contracts.

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.

e) 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.

ii) Defined contribution scheme

The Company contributes to money purchase 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.

The contribution payable to the scheme for the year is charged to the Statement of Comprehensive Income.

3 Summary of significant accounting policies (continued)

e) Employee Benefits (continued)

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).

f) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Income and Retained Earnings, 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 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.

g) 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	12.5-20
Fixtures and fittings	20
Office furniture and equipment	20

3 Summary of significant accounting policies (continued)

g) Tangible Assets (continued)

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

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 Statement of Comprehensive Income.

h) 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 reverses, 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.

i) 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.

j) 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 classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, and measured 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 at fair value through profit or loss

Financial assets and liabilities 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.

3 Summary of significant accounting policies (Continued)

j) Financial instruments (continued)

b) Measured at amortised costs

Receivables, 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. 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

Regular way 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 is initially recognised at fair value, and transaction costs are expensed in the Statement of Income and Retained Earnings. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried 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 Income and Retained Earnings within interest income or expenses in the period in which they arise.

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

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 Income and Retained Earnings.

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 Income and Retained Earnings. 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 Income and Retained Earnings.

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.

3 Summary of significant accounting policies (Continued)

k) 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.

Impairment of Investments in Subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the recoverable amount of the investments. The recoverable amount of an asset is the higher of fair value less the cost of disposal and the value in use, with an impairment charge recognised whenever the carrying amount exceeds the recoverable amount. The fair value less cost to sell was determined with reference to the market capitalisation of Tiffany & Co. The value in use calculation is based on a model which requires the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate the present values. The following rates were used in our calculations:

	%
Discount rate (pre tax)	10.00
Terminal Growth rate	2.00

4 Operating loss

	2020 £	2019 £
Operating loss is stated after charging:		
Depreciation on owned assets	**80,896**	**55,919**
Staff costs (see note 11)	**5,337,646**	**5,117,274**

Audit fees of £10,000 (2019: £10,000) have been borne by Tiffany & Co. Limited. There are no non-audit fees for Tiffany & Co. (UK) Holdings Limited.

5 Other Income

In the prior year, on December 17, 2018, the fellow Group subsidiary, which held the loan note holders released the company from its obligation under the GBP loan by entering into a formal deed of release. The company was no longer under the obligation to repay the GBP loan of £125,811,955 and the whole amount plus the interest payable of £1,318,440 have been released to profit and loss as other income.

6 Other Interest Receivable and similar Income

	2020 £	2019 £
Interest on intercompany loans	590,094	420,750
Bank interest	14,535	25,956
	604,629	446,706

7 Interest payable and similar expenses

	2020 £	2019 £
Interest payable on loans held by fellow Group subsidiary	-	3,461,104
Bank interest	94,383	5,390
	94,383	3,466,494

The interest payable on intercompany loans in the prior year was on the listed loan note. On December 17, 2018, the fellow Group subsidiary, which held the loan note holders released the company from its obligation under the loan by entering into a formal deed of release. The company was no longer under the obligation to repay the interest payable of £1,318,440 which was released to profit and loss as other income in 2019.

8 Other operating income

	2020 £	2019 £
Regional management fee	8,344,764	8,000,540

Regional management fee income is earned in relation to services provided by Tiffany & Co. (UK) Holdings Limited to its ultimate parent company in the United States and subsidiaries within Europe for management services provided throughout the year ended 31 January 2020.

9 Directors' Emoluments

	2020 £	2019 £
Aggregate emoluments in respect of qualifying services	661,042	692,596
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	233,004	229,767
	894,046	922,363

9 Directors' Emoluments (continued)

The emoluments above relate to a director whose emoluments related to services provided to this Company and a number of other Tiffany Group subsidiaries. It is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries as the services provided to each subsidiary are not a consistent proportion of the director's total services over time. Therefore, the full amount is disclosed in this company, Tiffany & Co. (UK) Holdings Limited.

Highest paid director	2020 £	2019 £
Total emoluments and amounts (excluding shares) receivable under long-term incentive schemes	894,046	985,700
Defined benefit pension plan:		
Accrued pension at end of year	-	-

The highest paid director received shares under a long-term incentive scheme but did not exercise share options during the year.

The remaining directors are paid by the ultimate parent company which makes no recharge to the Company. The remaining 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. Their emoluments are excluded from the analysis above, but are included in the aggregate of expense and share option and employee benefit plan disclosures in the financial statements of the ultimate parent company.

10 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	-	1
Administration	49	50
	49	51

11 Staff Costs

Employment costs of all employees including directors:

	2020 £	2019 £
Wages and salaries	4,061,930	3,884,614
Social security costs	592,286	566,982
Cost of employees' share schemes (see note 21)	496,778	480,029
Other pension costs (see note 20)	186,652	185,649
	5,337,646	5,117,274

12 Tax on (loss)/profit

	2020 £	2019 £
Current tax		
Foreign tax suffered	9,951	-
Total current tax	9,951	-
Deferred tax (see note 18)		
Origination and reversal of timing differences	(6,477)	(1,419)
Adjustment in respect of previous periods	-	6,095
Effect of changes in tax rates	682	150
Total deferred tax	(5,795)	4,826
Total tax per statement of comprehensive income	4,156	4,826

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

	2020 £	2019 £
(Loss)/profit before taxation	(499,340)	123,684,202
(Loss)/profit before taxation multiplied by standard rate in the UK, 19.00% (2019: 19%)	(94,875)	23,499,999
Effects of:		
Expenses not deductible	6,353	275,780
Income not taxable	-	(24,154,775)
Effects of group relief/other reliefs	494,004	375,419
Effects of overseas tax rates	8,061	-
Adjustment in respect of previous periods	-	6,096
Tax rate changes	682	149
Interest deduction	(412,429)	-
Depreciation on ineligible assets	2,360	2,158
Total tax charge for the year	4,156	4,826

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.

The interest deduction represents the interest restriction brought forward which has been reactivated to create a tax deduction in the current year under the Corporate Interest Restriction (CIT) rules.

There are no unrecognised deferred tax losses carried forward.

13 Dividends

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

14 Tangible Assets

	Leasehold improvements £	Fixtures and fittings £	Office furniture and equipment £	Total £
Cost				
At 1 February 2019	25,360	24,012	459,334	**508,706**
Additions	-	-	22,230	**22,230**
At 31 January 2020	25,360	24,012	481,564	**530,936**
Accumulated depreciation				
At 1 February 2019	10,112	24,012	405,621	**439,745**
Charge for the year	15,248	-	65,648	**80,896**
At 31 January 2020	25,360	24,012	471,269	**520,641**
Net book value				
At 31 January 2020	-	-	**10,295**	**10,295**
At 31 January 2019	**15,248**	-	**53,713**	**68,961**

15 Investments

Direct investments

Subsidiary	Nature of business	Country of incorporation	Address of subsidiary	Holding	2020 %
Tiffany & Co. (Australia) Pty. Ltd	Retail	Australia	28 Castlereagh Street Sydney NSW 2000 Australia	Ordinary	**100**
Tiffany & Co. Belgium SPRL	Retail	Belgium	Boulevard de Waterloo, 66 Brussels B-1000 Belgium	Ordinary	**99.99**
Tiffany of New York (Spain) S.L.U.	Retail	Spain	Calle Jose Ortega y Gasset 10 Madrid 28006 Spain	Ordinary	**100**
Tiffany & Co. (Jewellers) Limited	Retail	Ireland	25-28 North Wall Quay Dublin 1 Ireland	Ordinary	**100**
Tiffany & Co. (GB)	Holding	UK	25 Old Bond Street London W1S 4QB United Kingdom	Ordinary	**99**
Tiffany & Co. Italia S.p.A	Retail	Italy	Via della Spiga 19/A Milan 20121 Italy	Ordinary	**100**
Tiffany & Co.	Retail	France	Corporation Trust Center 1209 Orange Street Wilmington, DE 19801	Ordinary	**100**
Tiffany & Co. Netherlands B.V.	Retail	Netherlands	PC Hooftsraat 86-88 Amsterdam 1071 CB The Netherlands	Ordinary	**100**
Tiffany & Co. (CR) S.R.O.	Retail	Czech Republic	Prague 1 Parizska 1068/10 Prague 110 00 Czech Republic	Ordinary	**90**
Tiffany and Company (Cyprus) Limited	Holding	Cyprus	5 Lemesou Avenue, 2nd Floor Nicosia 2112 Cyprus	Ordinary	**100**
Tiffany & Co. Chile SpA	Retail	Chile	Avenida Kennedy 5413 Local 492 Las Condes Santiago Chile	Ordinary	**100**
Tiffany & Co. (Switzerland) Jewellers S.A.R.L.	Retail	Switzerland	Rue du Rhone 21 1204 Geneva Switzerland	Ordinary	**100**
Tiffany & Co. Denmark ApS	Retail	Denmark	Axeltorv 2, 1069 Copenhagen, Denmark	Ordinary	**100**

15 Investments (continued)

Indirect investments

Subsidiary	Nature of business	Country of incorporation	Address of subsidiary	Holding	2020 %
Tiffany & Co. (NZ) Limited	Retail	New Zealand	c/o DLA Phillips Fox Level 22, Dla Phillips Fox Tower 209 Queen Street Auckland 1010 New Zealand	Ordinary	**100**
Tiffany & Co. Limited	Retail	UK	25 Old Bond Street London W1S 4QB United Kingdom	Ordinary	**100**

	Investments in Subsidiaries £
Cost	
At 1 February 2019	**267,360,225**
Additions	**-**
At 31 January 2020	**267,360,225**
Accumulated Impairment	
At 1 February 2019	**-**
Impairment loss	**-**
At 31 January 2020	**-**
Net book value	
At 31 January 2020	**267,360,225**
At 31 January 2019	**267,360,225**

The directors are of the opinion that the individual investments in subsidiary undertakings are worth not less than the balance sheet amount. The carrying value of the UK business was based on fair value less cost to sell.

An impairment review of certain investments in subsidiaries was undertaken in the current financial year. The impairment review compared the carrying amount with the recoverable amount (higher of fair value less costs of disposals and value in use). The fair value less cost to sell was determined with reference to the market capitalisation of Tiffany & Co. Where the value in use model was used, a discount rate of 10% pre-tax was applied to future cash flows. Cash flows were projected over 5 years, with a growth rate of 2% applied to subsequent years in order to obtain their net present value. This was compared with the book value of the respective investments in subsidiaries at 31 January 2020.

16 Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	93,060	2,852,222
Loans owed by group undertakings	11,251,239	12,458,197
Other debtors	192,138	61,091
Deferred tax (see note 18)	25,610	19,815
Prepayments and accrued income	24,375	9,140
	11,586,422	15,400,465

'Amounts owed by group undertakings' are unsecured are repayable on demand.

'Loans owed by group undertakings' are unsecured and are repayable on demand. During the year interest was payable on these loans at a rate of 1.39-9.25% per annum (2019: 1.62-9.28% per annum.)

17 Creditors: Amounts Falling Due Within One Year

	2020	2019
	£	£
Trade creditors	49,700	56,712
Amounts owed to group undertakings	4,343,731	6,128,735
Forward contracts	-	8,050
Loan and borrowings	-	2,000,000
Taxation and social security	189,973	257,501
Accruals and deferred income	965,420	987,831
	5,548,824	9,438,829

'Loans and borrowings' are from the third party credit facility and are unsecured and repayable on demand.

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

18 Deferred tax

Deferred taxation provided in the financial statements comprises:

	2020 £	2019 £
Provision at start of year	**19,815**	**24,640**
Adjustment in respect of prior years	**-**	**(6,095)**
Deferred tax charge to income statement for the year	**5,795**	**1,270**
Provision at end of year	**25,610**	**19,815**
Comprising:		
Fixed asset timing differences	**25,610**	**19,815**
	25,610	**19,815**

	2020 £	2019 £
Deferred tax assets		
Recoverable after 12 months	25,610	19,815
	25,610	19,815

19 Called Up Share Capital

	2020 £	2019 £
Allotted, issued, called up and fully paid		
125,729,540 ordinary shares of £1 each (2019: 125,729,540)	**125,729,540**	**125,729,540**

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

20 Pension Obligations

The pension charge represents contributions payable by the Company amounted to £186,652 in the year (2019: £185,649). There are no amounts prepaid or outstanding as at 31 January 2020 (2019: nil).

21 Share Based Payment

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. During the year 2,724 options have been awarded to 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 7,878 options outstanding at 31 January 2020 (2019: 5,154).

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.

22 Ultimate Parent Undertaking and Controlling Party

The immediate parent undertaking is Tiffany & Co. Overseas Finance BV.

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.

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

23 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.

24 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.

The company also carried out further impairment assessment on its investments in subsidiaries taking COVID-19 into account and applying the accounting policies described in the note 3 (k) to estimate the recoverable amount of its investments. At the time of signing the accounts, the recoverable amount remained unchanged and there was £nil impairment.