

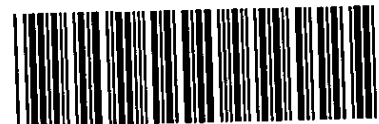
**The Mountain Group Limited**

**Directors' report and financial  
statements**

Registered number 06240297

28 February 2013

TUESDAY



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## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 28 February 2013

### Principal activity

The principal activity of the company is that of a holding company

### Proposed dividend

The directors do not recommend the payment of a dividend (2012 £nil)

### Directors and directors' interests

The directors who held office during the year and subsequent to it, were as follows

Mark Neale  
Shantelle Augier  
Carl Deering  
Marcus Ward

### Political and charitable contributions

Neither the company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year

### Disclosure of information to auditor

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

### Auditor

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

By order of the board



**MD Ward**  
*Director*

3 Eccleston Street  
London  
SW1W 9LX

24 October 2013

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditor's report to the members of The Mountain Group Limited**

We have audited the financial statements of The Mountain Group Limited for the year ended 28 February 2013 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2013 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of The Mountain Group Limited** *(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



**Andrew Sills (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
1 The Embankment  
Leeds  
West Yorkshire  
LS1 4DW

24 October 2013

**Profit and loss account**  
*for the year ended 28 February 2013*

|                                                      | <i>Note</i> | <b>2013</b><br>£ | <b>2012</b><br>£ |
|------------------------------------------------------|-------------|------------------|------------------|
| <b>Turnover</b>                                      |             | -                | -                |
| Cost of sales                                        |             | -                | -                |
|                                                      |             | <hr/>            | <hr/>            |
| <b>Gross profit</b>                                  |             | -                | -                |
| Administrative expenses                              | 2           | -                | -                |
| Other income                                         |             | -                | -                |
|                                                      |             | <hr/>            | <hr/>            |
| <b>Operating profit</b>                              | 2           | -                | -                |
| Income from shares in group undertakings             | 11          | -                | -                |
| Interest payable and similar charges                 |             | -                | -                |
|                                                      |             | <hr/>            | <hr/>            |
| <b>Profit on ordinary activities before taxation</b> |             | -                | -                |
| Tax on profit on ordinary activities                 |             | -                | -                |
|                                                      |             | <hr/>            | <hr/>            |
| <b>Profit for the financial year</b>                 |             | -                | -                |
|                                                      |             | <hr/> <hr/>      | <hr/> <hr/>      |

A statement of the movement on reserves is set out in note 8

**Balance sheet**  
*as at 28 February 2013*

|                                                       | <i>Note</i> | 2013         | 2012         |
|-------------------------------------------------------|-------------|--------------|--------------|
|                                                       |             | £            | £            |
| <b>Fixed assets</b>                                   |             |              |              |
| Investments                                           | 3           | 13,913,596   | 13,913,596   |
| <b>Current assets</b>                                 |             |              |              |
| Debtors                                               | 4           | 12,806,457   | 12,806,457   |
| <b>Creditors: amounts falling due within one year</b> | 5           | (16,336,088) | (16,336,086) |
| <b>Net current liabilities</b>                        |             | (3,529,631)  | (3,529,631)  |
| <b>Total assets less current liabilities</b>          |             | 10,383,965   | 10,383,965   |
| <b>Creditors amounts falling due after one year</b>   | 6           | (1,500,000)  | (1,500,000)  |
| <b>Net assets</b>                                     |             | 8,883,965    | 8,883,965    |
| <b>Capital and reserves</b>                           |             |              |              |
| Called up share capital                               | 7           | 1,882,094    | 1,882,094    |
| Capital redemption reserve                            | 8           | 7,000,000    | 7,000,000    |
| Profit and loss account                               | 8           | 1,871        | 1,871        |
| <b>Shareholders' funds</b>                            |             | 8,883,965    | 8,883,965    |

These financial statements were approved by the board of directors on 24 October 2013 and were signed on its behalf by



**M Ward**  
*Director*

**Reconciliation of movements in shareholders' funds**  
*for the year ended 28 February 2013*

|                                             | 2013<br>£ | 2012<br>£ |
|---------------------------------------------|-----------|-----------|
| Profit for the financial year               | -         | -         |
| Capitalisation of preference share interest | -         | -         |
|                                             | <hr/>     | <hr/>     |
| Net increase in shareholders' funds         |           | -         |
| Shareholders' funds brought forward         | 8,883,965 | 8,883,965 |
|                                             | <hr/>     | <hr/>     |
| Closing shareholders' funds                 | 8,883,965 | 8,883,965 |
|                                             | <hr/>     | <hr/>     |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules on a going concern basis

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised. Purchased goodwill is amortised to nil by equal instalments over its estimated useful life.

#### *Fixed assets and depreciation*

Depreciation is provided to write-off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

|                       |   |         |
|-----------------------|---|---------|
| Fixtures and fittings | - | 5 years |
|-----------------------|---|---------|

#### *Foreign currencies*

Transactions in foreign currencies are recorded using a standard rate of exchange which is reviewed and updated regularly. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated by the methods stated above. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Any incentives received to sign lease agreements have been spread over the duration of the term of the lease in accordance with UITF Abstract 28.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Taxation**

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

#### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period

#### **Investments**

Investments held as fixed assets are included at cost less any provision for diminution in value

#### **Dividends receivable**

Dividends receivable from the Company's shareholdings are recorded as a liability in the period in which the dividends are approved

### 2 Staff costs and operating profit

The Company had no employees during the year (2012 nil) The directors are not remunerated for their role as directors of this company

Other income relates to management charge income

Audit fees for the company in the year are borne by its parent entity (2012 £3,000 borne by the company)

### 3 Fixed asset investments

|                                | Shares in group<br>Undertakings<br>£ |
|--------------------------------|--------------------------------------|
| <b>Cost</b>                    |                                      |
| At beginning of year           | 13,913,596                           |
| Additions                      | -                                    |
|                                | <hr/>                                |
| At end of year                 | 13,913,596                           |
|                                | <hr/>                                |
| <b>Provisions</b>              |                                      |
| At beginning and end of period | -                                    |
|                                | <hr/>                                |
| <b>Net book value</b>          |                                      |
| At 28 February 2013            | 13,913,596                           |
|                                | <hr/>                                |
| At 29 February 2012            | 13,913,596                           |
|                                | <hr/>                                |

## Notes (continued)

### 3 Fixed asset investments – company (continued)

The companies in which the company's interest is more than 20% is as follows

| Subsidiary undertakings                    | Country of registration | Principal activity                                       | Class and percentage of shares held |
|--------------------------------------------|-------------------------|----------------------------------------------------------|-------------------------------------|
| <b>Direct holdings</b>                     |                         |                                                          |                                     |
| Mountain Warehouse Holdings Limited        | England and Wales       | Holding Company                                          | 100% of ordinary shares             |
| <b>Indirect holdings</b>                   |                         |                                                          |                                     |
| Mountain Warehouse Limited                 | England and Wales       | Retailing of clothing and equipment for outdoor pursuits | 100% of ordinary shares             |
| Mountain Warehouse Handelgesellschaft GmbH | Austria                 | Retailing of clothing and equipment for outdoor pursuits | 100% of ordinary shares             |
| Mountain Warehouse Polska S p z o o        | Poland                  | Retailing of clothing and equipment for outdoor pursuits | 100% of ordinary shares             |
| Mountain Warehouse N V                     | Czech Republic          | Dormant company                                          | 100% of ordinary shares             |

### 4 Debtors

|                                       | Company    |            |
|---------------------------------------|------------|------------|
|                                       | 2013       | 2012       |
|                                       | £          | £          |
| Amount owed by subsidiary undertaking | 12,806,457 | 12,806,457 |

### 5 Creditors: amounts falling due within one year

|                               | Company    |            |
|-------------------------------|------------|------------|
|                               | 2013       | 2012       |
|                               | £          | £          |
| Amount owed to parent company | 16,336,088 | 16,336,086 |

## Notes (continued)

### 6 Creditors: amounts falling due after more than one year

|                                            | Company          |                  |
|--------------------------------------------|------------------|------------------|
|                                            | 2013             | 2012             |
|                                            | £                | £                |
| Bank loans                                 | -                | -                |
| Preference shares – owed by parent entity  | 1,500,000        | 1,500,000        |
|                                            | <u>1,500,000</u> | <u>1,500,000</u> |
| <b>Analysis of debt due after one year</b> | <b>£</b>         | <b>£</b>         |
| Debt can be analysed as falling due        |                  |                  |
| Between one and two years                  | -                | -                |
| Between two and five years                 | 1,500,000        | 1,500,000        |
| More than 5 years                          | -                | -                |
|                                            | <u>1,500,000</u> | <u>1,500,000</u> |

Bank loans were secured over all the assets of the group

### 7 Called up share capital

|                                                              | 2013             | 2012             |
|--------------------------------------------------------------|------------------|------------------|
|                                                              | £                | £                |
| <i>Allotted, called up and fully paid, shares of £1 each</i> |                  |                  |
| 199 999 'A' Ordinary shares                                  | 199,999          | 199,999          |
| 300 000 'B' Ordinary shares                                  | 300,000          | 300,000          |
| 8,500,000 Preference shares                                  | 1,500,000        | 1,500,000        |
| 1,382,095 Deferred shares                                    | 1,382,095        | 1,382,095        |
|                                                              | <u>3,382,094</u> | <u>3,382,094</u> |
| Shares classified as liabilities                             | 1,500,000        | 1,500,000        |
| Shares classified as shareholders funds                      | 1,882,094        | 1,882,094        |

Preference shareholders are entitled to receive a fixed cumulative preferential dividend at the annual rate of 10%. The preferential dividend is payable on a winding-up in priority to other claims or rights of shareholders in respect of share capital. Preference shares are redeemable on the earlier of (i) Sale or Listing of the Company, or, (ii) 10<sup>th</sup> July 2014.

## Notes (continued)

### 7 Called up share capital (continued)

Shares classified as shareholders funds are subject to the following rights

|                                  | 'A' Ordinary shares                                                             | 'B' Ordinary shares                                                             | 'C' Ordinary shares                                                             | Deferred shares       |
|----------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------|
| <b>Rights to dividends</b>       | As determined by the Board with the consent of all holders of preference shares | As determined by the Board with the consent of all holders of preference shares | As determined by the Board with the consent of all holders of preference shares | None                  |
| <b>Redemption</b>                | None                                                                            | None                                                                            | None                                                                            | None                  |
| <b>Priority on winding up</b>    | Joint priority                                                                  | Joint priority                                                                  | Joint priority                                                                  | After ordinary shares |
| <b>Voting rights</b>             | One vote per share                                                              | One vote per share                                                              | One vote per share                                                              | None                  |
| <b>Rights on sale of company</b> | Equal rights                                                                    | Equal rights                                                                    | Equal rights                                                                    | None                  |

### 8 Reserves

|                           | Capital Redemption reserve<br>£ | Profit and loss account<br>£ | Total<br>£       |
|---------------------------|---------------------------------|------------------------------|------------------|
| At beginning of year      | 7,000,000                       | 1,871                        | 7,001,871        |
| Profit for financial year | -                               | -                            | -                |
| <b>At end of year</b>     | <b>7,000,000</b>                | <b>1,871</b>                 | <b>7,001,871</b> |

### 9 Ultimate parent company

The company is a subsidiary undertaking of Mountain Warehouse Group Limited which is the ultimate parent company incorporated in England and Wales

### 10 Contingent liability

The principal value of the bank loans of £11.5m are held within Mountain Warehouse Group Limited the company's parent entity. The company is a guarantor who irrevocably and unconditionally joint and severally guarantee these borrowings.