

The Mountain Group Limited

**Directors' report and financial
statements**

Registered number 06240297

28 February 2014

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Strategic Report

Principal activities and business model

The company acts as a holding company and did not trade in the period. The primary trading company within the Mountain Warehouse group ("the group") is Mountain Warehouse Limited. The principal activity of Mountain Warehouse Limited is the retailer of clothing and equipment for outdoor pursuits. The group operates through two channels, namely retail outlets and the internet.

Business review, results and key performance indicators

The business review and key performance indicators for the group are disclosed in the consolidated financial statements of Mountain Warehouse International, a parent company.

Principal risks and uncertainties

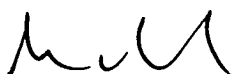
The principal risks of the company and its investment in subsidiary entities are detailed within the consolidated financial statements of Mountain Warehouse International Limited, a parent company.

Future developments

The Board is confident in the future growth of the company and continues to roll out new stores during 2014. We have considered the facilities available to the group and are confident we have sufficient headroom going forward.

By order of the board

M Ward
Director



9 July 2014

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 28 February 2014.

Proposed dividend

The directors do not recommend the payment of a dividend (2013: *£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

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

9 July 2014

Statement of directors' responsibilities in respect of the strategic report, the directors' report and financial statements

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

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

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

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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 2014 set out on pages 6 to 11. 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 3, 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

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 2014 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 Strategic Report and 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

9 July 2014

Balance sheet
as at 28 February 2014

	Note	2014	2013
		£	£
Fixed assets			
Investments	3	13,913,596	13,913,596
Current assets			
Debtors	4	12,806,457	12,806,457
Creditors: amounts falling due within one year	5	(16,336,088)	(16,336,088)
Net current liabilities		(3,529,631)	(3,529,631)
Total assets less current liabilities		10,383,965	10,383,965
Creditors: amounts falling due after one year	6	(1,500,000)	(1,500,000)
Net assets		8,883,965	8,883,965
Capital and reserves			
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
Shareholders' funds		8,883,965	8,883,965

The company did not trade in either the current or preceding period and has made neither profit nor loss, nor any other recognised gain or loss.

These financial statements were approved by the board of directors on 9 July 2014 and were signed on its behalf by:



M Ward
Director

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.

As the company is a wholly owned subsidiary of Mountain Warehouse International Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Group accounts

The company has taken advantage of the exemption from preparing group accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company incorporated in the United Kingdom which prepares group accounts (see note 9). These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

The company accounts have been prepared on a going concern basis as the directors believe that there are sufficient resources to continue in operation for the foreseeable future.

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.

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.

Notes (continued)

1 Accounting policies (continued)

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 (2013: nil). The directors are not remunerated for their role as directors of this company.

Audit fees for the company in the year are borne by its parent entity (2013: nil).

3 Fixed asset investments

	Shares in group Undertakings £
Cost	
At beginning and end of year	13,913,596
	<u> </u>
Provisions	
At beginning and end of year	-
	<u> </u>
Net book value	
At 28 February 2014	13,913,596
	<u> </u>
At 29 February 2013	13,913,596
	<u> </u>

Notes (continued)

3 Fixed asset investments (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
<i>Direct holdings</i>			
Mountain Warehouse Holdings Limited	England and Wales	Holding Company	100% of ordinary shares
<i>Indirect holdings</i>			
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 Outdoor (Canada) Limited	Canada	Retailing of clothing and equipment for outdoor pursuits	100% of ordinary shares
Mountain Warehouse Outdoor Inc	USA	Retailing of clothing and equipment for outdoor pursuits	100% of ordinary shares
Mountain Warehouse sro	Czech Republic	Dormant company	100% of ordinary shares

4 Debtors

	2014 £	2013 £
Amount owed by subsidiary undertaking	12,806,457	12,806,457

5 Creditors: amounts falling due within one year

	2014 £	2013 £
Amount owed to parent company	16,336,088	16,336,088

Notes (continued)

6 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Preference shares – owed by parent entity	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>
Analysis of debt due after one year:	£	£
Debt can be analysed as falling due:		
Between two and five years	1,500,000	1,500,000
	<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

	2014 £	2013 £
<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) 10th 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
Rights to dividends	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
Redemption	None	None	None	None
Priority on winding up	Joint priority	Joint priority	Joint priority	After ordinary shares
Voting rights	One vote per share	One vote per share	One vote per share	None
Rights on sale of company	Equal rights	Equal rights	Equal rights	None

8 Reserves

	Capital Redemption reserve £	Profit and loss account £	Total £
At beginning of year	7,000,000	1,871	7,001,871
Result for financial year	-	-	-
At end of year	7,000,000	1,871	7,001,871

9 Ultimate parent company

The Company's immediate parent undertaking is Mountain Warehouse Group Limited, a company incorporated in England and Wales. Mountain Warehouse International Limited a company incorporated in England and Wales is the Ultimate Parent Company. The Company has taken advantage of the exemption from reporting intra-group transactions available under FRS 8.

10 Contingent liability

The principal value of the loans of £44.3m are held within Mountain Warehouse Group Holdings Limited. The company is a guarantor who irrevocably and unconditionally joint and severably guarantee these borrowings.