

4111314

*REGISTRAR OF  
COMPANIES*

**Rotary Overseas Limited**

Report and Financial Statements

Year Ended

31 December 2005



**BDO Stoy Hayward**  
Chartered Accountants

# **Rotary Overseas Limited**

## **Annual report and financial statements for the year ended 31 December 2005**

---

### **Contents**

Directors

### **Page:**

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

---

### **Directors**

R M Dreyfuss  
D M Dreyfuss  
R C Hopkins  
C J Wheatcroft  
B Fitzpatrick

### **Secretary and registered office**

G S Williams, 2<sup>nd</sup> Floor, 84-86 Regent Street, London, W1B 5RR.

### **Company number**

04111314

### **Auditors**

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

## **Rotary Overseas Limited**

### **Report of the directors for the year ended 31 December 2005**

---

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the loss for the year.

The directors do not recommend the payment of a dividend for the year (2004 - £Nil).

#### **Principal activities, trading review and future developments**

The principal activities of the company throughout the year were that of watch importing and selling to overseas markets.

The company's dormant French subsidiary was dissolved on the 9<sup>th</sup> January 2006. The investment was fully provided against and the dissolution had no effect on the company. There have been no other events since the balance sheet date which materially affect the position of the company.

#### **Directors**

The directors of the company during the year were:

R M Dreyfuss  
D M Dreyfuss  
R C Hopkins  
C J Wheatcroft  
B Fitzpatrick

No director had any interest in the ordinary shares of the company.

All of the directors are also directors of the ultimate parent company, Rotary Group Holdings Limited, and their interests in the share capital of that company are shown in its financial statements.

#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

## **Rotary Overseas Limited**

### **Report of the directors for the year ended 31 December 2005 (*Continued*)**

---

#### **Directors' responsibilities (*Continued*)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

#### **Auditors**

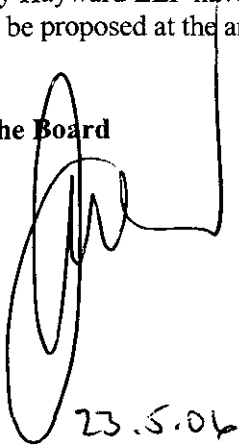
BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**By order of the Board**

G S Williams

**Secretary**

Date



23.5.06

## **Rotary Overseas Limited**

### **Report of the independent auditors**

---

#### **To the shareholders of Rotary Overseas Limited**

We have audited the financial statements of Rotary Overseas Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Rotary Overseas Limited**

**Report of the independent auditors (*Continued*)**

---

*Opinion*

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward UK*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

23 May 2006

# Rotary Overseas Limited

## Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
<b>Turnover</b>	2	1,497,459	1,953,795
Cost of sales		(1,165,328)	(1,263,813)
<b>Gross profit</b>		332,131	689,982
Distribution costs		(501,367)	(888,006)
Administrative expenses		(228,819)	(372,554)
Recovery of costs associated with litigation		-	610,000
<b>Total administrative expenses</b>		(228,819)	237,446
<b>Operating (loss) / profit</b>	5	(398,055)	39,422
Interest payable and similar charges	6	(2,126)	(2,484)
<b>(Loss) / profit on ordinary activities before and after taxation and retained (loss) / profit</b>	12	(400,181)	36,938

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit or loss for the year.

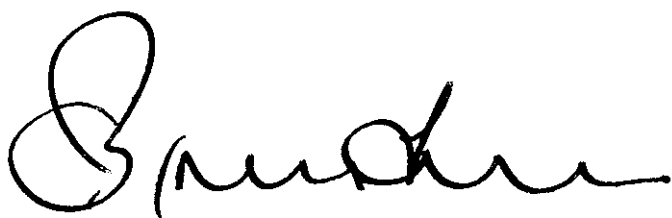
The notes on pages 7 to 12 form part of these financial statements.

**Rotary Overseas Limited**

**Balance sheet at 31 December 2005**

	Note	2005 £	2005 £	2004 £	2004 £
<b>Fixed assets</b>					
Investments	8		254,045		254,045
<b>Current assets</b>					
Debtors	9	892,527		992,903	
<b>Creditors: amounts falling due within one year</b>	10	1,916,954		1,617,149	
<b>Net current liabilities</b>			(1,024,427)		(624,246)
<b>Net liabilities</b>			(770,382)		(370,201)
<b>Capital and reserves</b>					
Called up share capital	11		1,000,000		1,000,000
Profit and loss account	12		(1,770,382)		(1,370,201)
<b>Shareholders' deficit - equity</b>	13		(770,382)		(370,201)

The financial statements were approved by the Board on



R M Dreyfuss  
Director

23 RD MAY 2006

The notes on pages 7 to 12 form part of these financial statements.



## **Rotary Overseas Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2005**

---

#### **1 Accounting policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

##### *Consolidated accounts*

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### *Cash flow statements*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Rotary Group Holdings Limited and the company is included in consolidated financial statements.

##### *Going concern*

The financial statements have been drawn up on a going concern basis as the directors have received assurance from the company's parent company that it will continue to provide such financial support as the company requires to enable it to meet its liabilities as and when they fall due.

##### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax.

##### *Deferred taxation*

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

Deferred tax balances are not discounted.

##### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

## Rotary Overseas Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

### 1 Accounting policies (*Continued*)

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely outside the United Kingdom.

### 3 Employees

	2005 £	2004 £
Staff costs consist of:		
Wages and salaries	128,760	114,973
Social security costs	13,454	14,099
Other pension costs	5,057	7,705
	<u>147,271</u>	<u>136,777</u>

The average number of employees, including directors, during the year were:

	Number	Number
Management, sales and administration	<u>3</u>	<u>2</u>

### 4 Directors

	2005 £	2004 £
Directors' remuneration consists of:		
Emoluments	78,079	75,259
Payments to defined contribution pension scheme	6,510	6,149
	<u>84,589</u>	<u>81,408</u>

There was 1 (2004 – 1) director in the company's defined contribution pension scheme during the year.

## Rotary Overseas Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

### 5 Operating (loss) / profit

This is arrived at after charging

	2005 £	2004 £
Hire of plant and machinery	12,073	7,808

The auditors' remuneration is borne by Rotary Watches Limited.

### 6 Interest payable and similar charges

	2005 £	2004 £
Payable to group undertaking	2,126	2,484

### 7 Taxation on (loss) / profit from ordinary activities

There is no tax charge in the current or preceding financial year. The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
(Loss) / profit on ordinary activities before tax	(400,181)	36,938
(Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 – 30%)	(120,054)	11,081
Effects of:		
Expenses not deductible for tax purposes	-	680
Losses surrendered as Group Relief	120,054	-
Losses carried forward	-	-
Utilisation of losses brought forward	-	(11,761)
Current tax charge for year	-	-

*Factors that may affect future tax charges*

A deferred tax asset of £ Nil (2004 - £ Nil) has not been recognised in respect of losses carried forward as there is insufficient evidence that the asset will be recovered.

## Rotary Overseas Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

8 Fixed assets investments	Subsidiary undertakings £
<i>Cost</i>	
At 1 January 2005 and 31 December 2005	3,551,357
<i>Provisions</i>	
At 1 January 2005 and 31 December 2005	3,297,312
<i>Net book value</i>	
At 31 December 2005 and 31 December 2004	254,045

### *Subsidiary undertakings:*

The following were the principal subsidiaries of Rotary Overseas Limited during 2005.

Name	Country of incorporation	Nature of business
Rotary Watches LLC	United States of America	Watch wholesaling
Rotary Uhren GmbH	Germany	Dormant
Rotary Watches Canada Inc	Canada	Watch wholesaling

All companies are wholly owned.

## 9 Debtors

	2005 £	2004 £
Amounts owed by group undertakings	892,527	992,903

# Rotary Overseas Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

## 10 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	1,703,919	1,516,774
Other creditors and accruals	213,035	100,375
	<u>1,916,954</u>	<u>1,617,149</u>

## 11 Share capital

	Authorised, allotted, called up and fully paid			
	2005 Number	2004 Number	2005 £	2004 £
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

## 12 Reserves

	Profit and loss account £
At 1 January 2005	(1,370,201)
Loss for year	(400,181)
	<u>(1,770,382)</u>
At 31 December 2005	<u>(1,770,382)</u>

## 13 Reconciliation of movements in shareholders' deficit

	2005 £	2004 £
Retained (loss) profit for the year	(400,181)	36,938
Opening shareholders' funds	(370,201)	(407,139)
	<u>(770,382)</u>	<u>(370,201)</u>
Closing shareholders' deficit	<u>(770,382)</u>	<u>(370,201)</u>

## Rotary Overseas Limited

### Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

#### 14 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and Building 2005 £</b>	<b>Other 2005 £</b>	<b>Land and building 2004 £</b>	<b>Other 2004 £</b>
Operating leases which expire:				
Within one year	-	-	-	-
In two to five years	-	12,073	-	21,304
After five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	12,073	-	21,304
	<hr/>	<hr/>	<hr/>	<hr/>

#### 15 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Rotary Group Holdings Limited.

#### 16 Ultimate parent company

The ultimate controlling party is the trustees of the Dreyfuss Family Settlement by virtue of their shareholding in Rotary Group Holdings Limited.

At 31 December 2005 the company's immediate and ultimate parent company was Rotary Group Holdings Limited which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Rotary Group Holdings Limited are available from Companies House.