

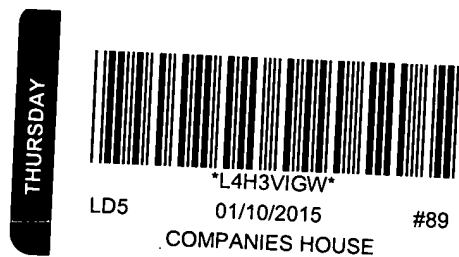
## Rotary Overseas Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 04111314



# **Rotary Overseas Limited**

## **Report and financial statements for the year ended 31 December 2014**

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### **Directors**

Hon Kwok Lung  
R M Dreyfuss  
V L Campbell  
Teguh Halim  
Ming Lam

### **Secretary and registered office**

David Rutherford, 2 Foubert's Place, Regent Street, London, W1F 7PA

### **Company number**

04111314

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Rotary Overseas Limited**

## **Report of the directors for the year ended 31 December 2014**

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The directors present their report together with the audited financial statements for the year ended 31 December 2014.

### **Results and dividends**

The profit and loss account is set out on page 5 and shows turnover for the year of £5,882,324 (2013 - £6,773,057) and a loss after tax for the year of £1,012,194 (2013 - loss of £60,736).

Turnover has reduced by 13.2% since the previous year due to restructuring of key markets in South East Asia following the acquisition of the immediate parent company during the year by Citychamp Watch & Jewellery Group Limited.

Expenses for the year increased by 24.9% to £2,408,209 (2013 - £1,928,610) as a result of continual investment in all markets for the benefit of the medium term.

The directors do not recommend the payment of a dividend for the year (2013 - £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.

### **Financial risk management**

The company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis that look forward for a period of not less than twelve months and ensures that appropriate facilities are available to be drawn upon as necessary.

Subsequent to the year end, acting as the parent of the UK group for treasury purposes, the Company's immediate parent company, The Dreyfuss Group Limited, has refinanced the UK group external bank facilities at both the parent and trading subsidiaries level. The group has new facilities in place that do not fall due for renewal until at least 12 months from the date of approval of these financial statements and the directors forecast covenant compliance within this period. The Directors have reviewed the company's and group's forecasts for the next twelve months which show that the group can continue to trade within these facilities.

### **Qualifying third party indemnity provisions**

The company has arranged qualifying third party indemnity for all of its directors.

### **Directors**

The directors of the company during the year were:

R M Dreyfuss  
V L Campbell  
Hon Kwok Lung  
Teguh Halim  
Ming Lam  
David Dreyfuss (resigned 11<sup>th</sup> April 2014)  
Christopher Wheatcroft (resigned 11<sup>th</sup> April 2014)  
Gary Williams (resigned 14<sup>th</sup> April 2014)

# Rotary Overseas Limited

## Report of the directors for the year ended 31 December 2014 (*continued*)

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### Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

In preparing the directors' report advantage has been taken of the small companies' exemption under the Companies Act 2006.

### On behalf of the Board



V L Campbell  
Director

Date 23 September 2015

# **Rotary Overseas Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF ROTARY OVERSEAS LIMITED**

We have audited the financial statements of Rotary Overseas Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters 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.

# Rotary Overseas Limited

## Independent auditor's report (*continued*)

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### 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with small companies' regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

*Ian Clayden (senior statutory auditor)*  
*For and on behalf of BDO LLP, statutory auditor*  
London  
United Kingdom

Date 25-09-2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Rotary Overseas Limited

## Profit and loss account for the year ended 31 December 2014

	Note	2014 £	As restated 2013 £
<b>Turnover</b>	2	<b>5,882,324</b>	6,773,057
Cost of sales		<b>(4,732,562)</b>	(4,909,190)
<b>Gross profit</b>		<b>1,149,762</b>	1,863,867
Selling and distribution costs		<b>(2,275,428)</b>	(1,678,307)
Administrative expenses		<b>(132,781)</b>	(250,303)
<b>Operating loss</b>	4	<b>(1,258,447)</b>	(64,743)
Interest receivable and similar income		-	275
Interest payable and similar charges		<b>(2)</b>	-
<b>Loss on ordinary activities before taxation</b>		<b>(1,258,449)</b>	(64,468)
Taxation credit on ordinary activities	5	<b>246,255</b>	3,732
<b>Loss on ordinary activities after taxation</b>	13,14	<b>(1,012,194)</b>	(60,736)

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.

The notes on pages 7 to 13 form part of these financial statements.

# Rotary Overseas Limited

## Balance sheet at 31 December 2014

<b>Company number 04111314</b>	<b>Note</b>	<b>2014 £</b>	<b>2014 £</b>	<b>2013 £</b>	<b>2013 £</b>
<b>Fixed assets</b>					
Investments	6	1		1	
Intangible assets	7	99,348		74,682	
Tangible assets	8	409,115		402,326	
			<b>508,464</b>		<b>477,009</b>
<b>Current assets</b>					
Stocks	9	1,059,227		105,870	
Debtors	10	3,281,049		3,440,949	
Cash at bank and in hand		43,624		48,850	
		<b>4,383,900</b>		<b>3,595,669</b>	
<b>Creditors: amounts falling due within one year</b>	11	<b>7,053,789</b>		<b>5,221,909</b>	
<b>Net current liabilities</b>			<b>(2,669,889)</b>		<b>(1,626,240)</b>
<b>Net liabilities</b>			<b>(2,161,425)</b>		<b>(1,149,231)</b>
<b>Capital and reserves</b>					
Called up share capital	12		<b>1,000,000</b>		<b>1,000,000</b>
Profit and loss account	13		<b>(3,161,425)</b>		<b>(2,149,231)</b>
<b>Shareholders' deficit</b>	14		<b>(2,161,425)</b>		<b>(1,149,231)</b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on

*V. Campbell*

V L Campbell  
Director

23 September 2015

The notes on pages 7 to 13 form part of these financial statements.



# Rotary Overseas Limited

## Notes forming part of the financial statements for the year ended 31 December 2014

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Consolidated accounts*

The company is exempt under section 400 of the Companies Act 2006 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' not to prepare a cash flow statement as it is included in the consolidated financial statements of its immediate parent company, The Dreyfuss Group Limited.

#### *Going concern*

The financial statements have been drawn up on a going concern basis as the directors have received assurance from the company's immediate parent company, The Dreyfuss Group Limited, 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.

Subsequent to the year end, acting as the parent of the UK group for treasury purposes, The Dreyfuss Group Limited has refinanced the UK group external bank facilities. The group has new facilities in place at the group and subsidiary levels (including Rotary Overseas Limited) that do not fall due for renewal until at least 12 months from the date of approval of these financial statements and the directors forecast covenant compliance within this period. The Directors have reviewed the company's and group's forecasts for the next twelve months which show that the group can continue to trade within these facilities. After making appropriate enquiries, the directors of the company have received confirmation from The Dreyfuss Group Limited that it will continue to provide ongoing financial support in the form of group treasury management.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning goods has passed to customer, which is generally on delivery.

#### *Investments*

Investments held as fixed assets are stated at cost less provision for impairment in value.

#### *Fixed assets, depreciation and amortisation*

Fixed assets are classified by reference to their use in the business and are depreciated over their useful economic life. Depreciation is provided to write off the cost of all fixed assets other than investments, evenly over their expected useful lives. It is calculated at the following rates:

Trademarks	-	equal instalments over the life of the trademark registration
Fixtures and fittings	-	10 to 25% per annum

# Rotary Overseas Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 1 Accounting policies (continued)

### *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 making 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 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.

### *Operating lease agreements*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### *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.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

## 2 Turnover

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

The comparative figures for turnover and cost of sales have been restated in order to account for retrospective and settlement discounts amounting to £20,829 as a deduction to revenue rather than within cost of sales. There has been no effect to net assets and retained profit as a result of this adjustment.

## 3 Employees and Directors

	2014 £	2013 £
Staff costs consists of:		
Wages and salaries	472,720	427,347
Social security costs	16,983	17,674
Pension costs	4,285	7,988
	<hr/>	<hr/>
	493,988	453,009
	<hr/>	<hr/>

The directors were remunerated by a fellow group company in the current and prior year.

# Rotary Overseas Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 4 Operating loss:

	2014 £	2013 £
This is arrived at after charging:		
Depreciation of tangible assets	223,386	53,147
Amortisation of intangible assets	11,079	8,109
Foreign exchange loss	36,743	-
Operating lease costs - property	14,451	-
	<u>285,659</u>	<u>61,266</u>

The auditors' remuneration is borne by Rotary Watches Limited.

## 5 Taxation on loss from ordinary activities

	2014 £	2014 £	2013 £	2013 £
<i>Current tax</i>				
UK corporation tax on losses of the year	-	-	-	-
Total current tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred tax</i>				
Origination and reversal of timing differences	248,534		10,430	
Prior year adjustment	(985)		(5,009)	
Change in tax rates	(1,294)		(1,689)	
Movement in deferred tax	<u>-</u>	<u>246,255</u>	<u>-</u>	<u>3,732</u>
Taxation credit on ordinary activities		<u>246,255</u>		<u>3,732</u>

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(1,258,449)</u>	<u>(64,468)</u>
Loss on ordinary activities at the standard rate corporation tax in the UK of 21.49% (2013 - 23.25%)	<u>(270,480)</u>	<u>(14,987)</u>
Effects of:		
Expenses not deductible for tax purposes	322	235
Losses surrendered as Group Relief	3,069	3,206
Losses carried forward	220,663	-
Provision tax adjustment	-	-
Depreciation charge in excess of capital allowances	46,426	11,546
Current tax charge for year	<u>-</u>	<u>-</u>

# Rotary Overseas Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 5 Taxation on loss from ordinary activities (*continued*)

<i>Deferred taxation</i>	2014 £	2013 £
Balance at 1 January	28,156	24,424
Credit to profit and loss account	246,255	3,732
	<hr/>	<hr/>
Balance at 31 December (note 10)	274,411	28,156
	<hr/>	<hr/>
Deferred tax provided in the financial statements is as follows:		
	2014 £	2013 £
Accelerated capital allowances	49,206	7,291
Tax losses carried forward	225,205	20,865
Other	-	-
	<hr/>	<hr/>
Deferred tax asset	274,411	28,156
	<hr/>	<hr/>

## 6 Fixed assets investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 January 2014	316,689
Disposals	-
	<hr/>
At 31 December 2014	316,689
	<hr/>
<i>Provisions</i>	
At 1 January 2014	316,688
Disposals	-
	<hr/>
At 31 December 2014	316,688
	<hr/>
<i>Net book value</i>	
At 31 December 2014	1
	<hr/>
At 31 December 2013	1
	<hr/>

*Subsidiary undertakings:*

The following was the only subsidiary of Rotary Overseas Limited during 2014 and is wholly owned.

Name	Country of incorporation	Nature of business
Rotary Watches LLC	United States of America	Watch wholesaling

# Rotary Overseas Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 7 Intangible fixed assets

Trademarks  
£

### Cost

At 1 January 2014

93,101

Additions

35,745

At 31 December 2014

**128,846**

### Amortisation

At 1 January 2014

18,419

Provided during the year

11,079

At 31 December 2014

**29,498**

### Net book value

At 31 December 2014

**99,348**

At 31 December 2013

74,682

## 8 Tangible fixed assets

Fixtures  
and fittings  
£

### Cost

At 1 January 2014

469,093

Additions

230,175

Disposals

(69,574)

At 31 December 2014

**629,694**

### Depreciation

At 1 January 2014

66,767

Provided during the year

223,386

Disposals

(69,574)

At 31 December 2014

**220,579**

### Net book value

At 31 December 2014

**409,115**

At 31 December 2013

402,326

# Rotary Overseas Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 9 Stocks

	2014 £	2013 £
Goods held for resale	<u>1,059,227</u>	<u>105,870</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

## 10 Debtors

	2014 £	2013 £
Trade debtors	2,900,616	3,323,713
Corporation tax	13,233	-
Deferred taxation (see note 5)	274,411	28,156
Other debtors and prepayments	75,841	89,080
Taxation and social security	16,948	-
	<u>3,281,049</u>	<u>3,440,949</u>

## 11 Creditors: amounts falling due within one year

	2014 £	2013 £
Loans and bank overdraft	119,187	-
Trade creditors	65,285	92,671
Amounts owed to group undertakings	6,243,023	4,741,800
Taxation and social security	-	3,820
Other creditors	439,857	241,836
Accruals	186,437	141,782
	<u>7,053,789</u>	<u>5,221,909</u>

## 12 Share capital

	Authorised, allotted, called up and fully paid			
	2014 Number	2013 Number	2014 £	2013 £
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>

# Rotary Overseas Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (continued)

## 13 Reserves

	Profit and loss account £
At 1 January 2014	(2,149,231)
Loss for the year	(1,012,194)
	<hr/>
At 31 December 2014	(3,161,425)
	<hr/>

## 14 Reconciliation of movements in shareholders' deficit

	2014 £	2013 £
Retained loss for the year	(1,012,194)	(60,736)
Opening shareholders' deficit	(1,149,231)	(1,088,495)
	<hr/>	<hr/>
Closing shareholders' deficit	(2,161,425)	(1,149,231)
	<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 wholly owned and included in the consolidated financial statements of Citychamp Watch & Jewellery Group Ltd, the ultimate parent company.

During the year, sales of goods amounting to £1,198,872 (2013: £Nil) and purchases of goods amounting to £1,028,340 (2013: £Nil) were made to / from Eterna (Asia) Limited, a company under common control. At the balance sheet date, a net amount of £270,350 (2013: £Nil) was due to them.

## 16 Commitments under operating leases

The company had no annual commitments under non-cancellable operating leases.

## 17 Ultimate parent company

At 31 December 2014 the company's immediate parent company was The Dreyfuss Group Limited which is the parent of the UK based group of which the company is a member. The Dreyfuss Group Limited is the parent company of the smallest group in which the company's results are consolidated. Copies of the consolidated financial statements of The Dreyfuss Group Limited are available from Companies House.

On 11 April 2014, the entire share capital of The Dreyfuss Group was acquired by International Volant Limited which is a wholly owned subsidiary of Citychamp Watch & Jewellery Group Ltd (formerly China Haidian Holdings Ltd), a company listed on the Hong Kong Stock Exchange.

From that date, the ultimate controlling party is Citychamp Watch & Jewellery Group Ltd by virtue of its shareholding in The Dreyfuss Group Limited. Citychamp Watch & Jewellery Group Ltd is the parent company of the largest group in which the company's results are consolidated.