

Company registration number 04111314 (England and Wales)

ROTARY OVERSEAS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

ROTARY OVERSEAS LIMITED

COMPANY INFORMATION

Directors	K L Hon T Halim M Lam J Lyu
Company number	04111314
Registered office	8th Floor Elm Yard 13-16 Elm Street London WC1X 0BJ
Auditor	Kingswood LLP 3 Coldbath Square London EC1R 5HL

ROTARY OVERSEAS LIMITED

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ROTARY OVERSEAS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	5		102,448		118,402
Tangible assets	6		6,776		16,732
Investments	7		1		1
			<u>109,225</u>		<u>135,135</u>
Current assets					
Stocks	9	59,879		63,711	
Debtors	10	430,644		429,517	
Cash at bank and in hand		36,888		138,327	
		<u>527,411</u>		<u>631,555</u>	
Creditors: amounts falling due within one year	11	<u>(8,375,292)</u>		<u>(8,526,737)</u>	
Net current liabilities			<u>(7,847,881)</u>		<u>(7,895,182)</u>
Net liabilities			<u>(7,738,656)</u>		<u>(7,760,047)</u>
Capital and reserves					
Called up share capital	13	1,000,000		1,000,000	
Profit and loss reserves		<u>(8,738,656)</u>		<u>(8,760,047)</u>	
Total equity			<u>(7,738,656)</u>		<u>(7,760,047)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered 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 20 June 2023 and are signed on its behalf by:

T Halim
Director

Company Registration No. 04111314

The notes on pages 3 - 11 form part of these financial statements

ROTARY OVERSEAS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	1,000,000	(8,590,156)	(7,590,156)
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(169,891)	(169,891)
Balance at 31 December 2020	1,000,000	(8,760,047)	(7,760,047)
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	21,391	21,391
Balance at 31 December 2021	1,000,000	(8,738,656)	(7,738,656)

The notes on pages 3 - 11 form part of these financial statements

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Company information

Rotary Overseas Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8th Floor Elm Yard, 13-16 Elm Street, London, WC1X 0BJ. The principal activities of the company throughout the year were those of watch importing and selling to overseas markets.

2 Accounting policies

2.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3). The principal accounting policies adopted are set out below.

The company is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements of the company are consolidated in the financial statements of Citychamp Watch & Jewellery Group Limited. These consolidated financial statements are available from Hong Kong Stock Exchange through its website www.hkex.com.hk.

2.2 Going concern

As at the year-end the company was loss making with net liabilities of £7,738,656 (2020: – £7,760,047). The company has relied on the financial support of its ultimate parent company, Citychamp Watch and Jewellery Group Limited.

The company has received written confirmation from its ultimate parent company confirming that it will not recall existing loans and will continue to provide financial support in relation to the company's working capital requirements.

Having reviewed cash flow forecasts, for a period of not less than 12 months from the date of approval of these financial statements, and having made appropriate enquiries of the ultimate parent company with regards to their intention and financial means to provide the ongoing financial support, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied during the year in the normal course of business and is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Intangible fixed

Intangible fixed assets comprise Trademarks and are initially recognised at cost. Subsequently, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Trademarks are amortised in equal instalments over the life of the trademark registration.

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting policies

(Continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Fixtures and fittings (Marketing - Display Equipment)	33% per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.6 Fixed asset investments

Interests in subsidiaries are measured at cost less accumulated impairment.

2.7 Impairment of fixed assets

At each reporting date, the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, current accounts and loans to and from related parties.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting policies

(Continued)

Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.10 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Accounting policies

(Continued)

2.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.12 Retirement benefits

Defined contribution pension plan

The company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.13 Foreign currency translation

Functional and presentation currency

Items included in the financial statements for the company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in 'sterling', which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and nonmonetary items measured at fair value are measured using the exchange rate when fair value was determined.

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indications of impairment of tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
- Stock provision – stock is carried at the lower of cost and net realisable value. In determining if there is a requirement for a provision and deciding on an appropriate level of provision, management consider the likelihood that any stock held is likely to be sold for less than the cost held in the statement of financial position and provide for any stock accordingly.

Other key sources of estimation uncertainty

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be made in order to utilise available tax losses. Management have considered forecasts in order to assess the likelihood and timing of future profits

4 Employees

The average monthly number of persons employed by the company during the year was:

	2021 Number	2020 Number
Total	3	2
	<hr/>	<hr/>

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Intangible fixed assets

Trademarks £

Cost

At 1 January 2021

287,710

Additions

12,164

At 31 December 2021

299,874

Amortisation

At 1 January 2021

169,308

Amortisation charged for the year

28,118

At 31 December 2021

197,426

Carrying amount

At 31 December 2021

102,448

At 31 December 2020

118,402

6 Tangible fixed assets

Fixtures and fittings £

Cost

At 1 January 2021

613,425

Additions

3,088

At 31 December 2021

616,513

Depreciation

At 1 January 2021

596,693

Depreciation charged in the year

13,044

At 31 December 2021

609,737

Carrying amount

At 31 December 2021

6,776

At 31 December 2020

16,732

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Fixed asset investments

	Notes	2021 £	2020 £
Shares in group undertakings and participating interests	8	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2021 & 31 December 2021	316,689
Impairment	
At 1 January 2021 & 31 December 2021	316,688
Carrying amount	
At 31 December 2021	1
At 31 December 2020	1

8 Subsidiary undertaking

Details of the company's subsidiary undertaking at 31 December 2021 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct	Indirect
Rotary Watches LLC	1	Watches wholesaling	Ordinary	100.00	0

Registered Office addresses:

1 400 Garden City Plaza, Garden City, NY, 11530-3317

9 Stocks

	2021 £	2020 £
Stocks	59,879	63,711

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		(As restated)
Trade debtors	165,988	112,711
Amounts owed by group undertakings	260,887	314,166
Other debtors	3,769	2,640
	<u>430,644</u>	<u>429,517</u>

11 Creditors: amounts falling due within one year

	2021	2020
	£	£
		(As restated)
Trade creditors	309,463	267,009
Amounts due to group undertakings	7,972,346	8,161,527
Other taxation and social security	2,550	14,970
Other creditors	46,995	46,995
Accruals and deferred income	43,938	36,236
	<u>8,375,292</u>	<u>8,526,737</u>

HSBC hold a fixed and floating charge over all assets of Rotary Overseas Limited and its immediate parent company, The Dreyfuss Group Limited.

12 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,862	776
	<u>1,862</u>	<u>776</u>

The company contributes to personal pension plans. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £nil (2020 - £nil) were payable to the fund at the year-end date.

13 Called up share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

ROTARY OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Related party transactions

In accordance with FRS102 paragraph 33.1A, the company has taken the exemption from disclosing related party transactions with entities that are part of The Dreyfuss Group Limited. The company has also taken the exemption from disclosing transactions with entities which are wholly owned subsidiaries of Citychamp Watch & Jewellery Group Limited, the company's ultimate controlling party.

15 Ultimate controlling party

At 31 December 2021 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 ultimate parent company and controlling party is Citychamp Watch & Jewellery Group Limited, a company incorporated in Cayman Island and listed on the Hong Kong Stock Exchange, by virtue of its shareholding in The Dreyfuss Group Limited. Citychamp Watch & Jewellery Group Limited is the smallest and the largest group in which the company's results are consolidated. Copies of the consolidated financial statements of Citychamp Watch & Jewellery Group Limited are available from Hong Kong Stock Exchange through its website www.hkex.com.hk.

16 Contingent liability

As at the end of the financial year the company remained subject to an enquiry from an overseas tax authority pertaining to underdeclared and underpaid taxes owing from periods commencing in 2014. The company disputes the claim and as at the date of the approval of these financial statements the enquiry remains open. The actual expected financial effect cannot yet be reliably determined, however should any liability arise, it is not expected to exceed £200,000.

17 Audit report information

The auditor's report for the year ended 31 December 2021 was unqualified.

In their audit report, the auditor emphasised the following matter without qualifying their report.

Material uncertainty related to going concern

We draw attention to Note 2.2 in the financial statements, which indicates that at the year ended 31 December 2021 the company's total liabilities significantly exceeded its total assets. The company remains wholly dependent on the support of its ultimate parent company. As stated in Note 2.2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Senior Statutory Auditor:	Richard Behan FCA
Statutory Auditor:	Kingswood LLP
Date of signature:	20 June 2023

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.