

Company Registration No. 04111314 (England and Wales)

**ROTARY OVERSEAS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# ROTARY OVERSEAS LIMITED

## COMPANY INFORMATION

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

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# ROTARY OVERSEAS LIMITED

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# ROTARY OVERSEAS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

### Principal activities

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

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K L Hon

T Halim

M Lam

J Lyu

P J McKenna

(Resigned 24 February 2020)

### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### Auditor

Kingswood LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **ROTARY OVERSEAS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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### **Going concern**

The company is in a significant net liability position and reliant on the financial support of its ultimate parent company in the context of non-recall of existing intercompany loans and further ongoing support to fund operations so as to enable the company to meet its obligations as they fall due. As stated in note 2.2, these events or conditions, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

### **Impact of Covid-19**

The biggest challenge that has affected business this year is the Global Coronavirus Pandemic that began to gather pace at the end of 2019 which continued throughout 2020 and into 2021. During that period, the company has continued to operate effectively by moving head office functions to home working and carefully adapting the working environment and working practices within the warehouse to safeguard the health and wellbeing of colleagues.

The initial economic impact was on the supply chain but as the virus has spread around the globe, this is having a major impact on our customers as markets close, society comes to a virtual standstill and the global economy has fallen into recession.

The biggest issue the company has faced is the National Lockdowns and the impact this has had on the UK's spending habits. This is especially so as the UK market accounts for almost all the company's turnover, the majority of which is through High Street retailers. To reduce the impact of the closure of High Street retailers, some of whom may never reopen, we have increased our online presence through our own Website and that of Amazon and the Amazon Market Place.

Positively the UK has successfully achieved its Vaccine roll out programme with the news that the majority of restrictions should be lifted by the end of Q1 2022.

### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

T Halim  
**Director**

22 March 2022

# ROTARY OVERSEAS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF ROTARY OVERSEAS LIMITED

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#### Opinion

We have audited the financial statements of Rotary Overseas Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 2020 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.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# ROTARY OVERSEAS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ROTARY OVERSEAS LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise noncompliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation Covid-19 support legislation, data protection, antibribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of noncompliance throughout the audit.

## **ROTARY OVERSEAS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ROTARY OVERSEAS LIMITED**

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We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and noncompliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and noncompliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of noncompliance. Auditing standards also limit the audit procedures required to identify noncompliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member for our audit work, for this report, or for the opinions we have formed.

**Richard Behan FCA (Senior Statutory Auditor)**  
**For and on behalf of Kingswood LLP**

22 March 2022

**Chartered Accountants**  
**Statutory Auditor**

3 Coldbath Square  
London  
EC1R 5HL



# **ROTARY OVERSEAS LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>4</b>	746,058	1,465,763
Cost of sales		(409,341)	(852,208)
<b>Gross profit</b>		<b>336,717</b>	<b>613,555</b>
Distribution costs		(220,570)	(361,919)
Administrative expenses		(254,881)	(614,078)
Exchange gains and losses		(31,157)	(955,160)
<b>Loss before taxation</b>		<b>(169,891)</b>	<b>(1,317,602)</b>
Tax on loss	<b>6</b>	-	(45,763)
<b>Loss for the financial year</b>		<b>(169,891)</b>	<b>(1,363,365)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(169,891)</b>	<b>(1,363,365)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 9 - 17 form part of these financial statements

# ROTARY OVERSEAS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	7		118,402		130,239
Tangible assets	8		16,732		35,596
Investments	9		1		1
			<u>135,135</u>		<u>165,836</u>
<b>Current assets</b>					
Stocks	11	63,711		111,680	
Debtors	12	429,517		578,657	
Cash at bank and in hand		138,327		100,609	
		<u>631,555</u>		<u>790,946</u>	
<b>Creditors: amounts falling due within one year</b>	13	(8,526,737)		(8,546,938)	
<b>Net current liabilities</b>			<u>(7,895,182)</u>		<u>(7,755,992)</u>
<b>Net liabilities</b>			<u>(7,760,047)</u>		<u>(7,590,156)</u>
<b>Capital and reserves</b>					
Called up share capital	15	1,000,000		1,000,000	
Profit and loss reserves		(8,760,047)		(8,590,156)	
<b>Total equity</b>			<u>(7,760,047)</u>		<u>(7,590,156)</u>

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 22 March 2022 and are signed on its behalf by:

T Halim  
Director

Company Registration No. 04111314

The notes on pages 9 - 17 form part of these financial statements

# **ROTARY OVERSEAS LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2019</b>	1,000,000	(7,226,791)	(6,226,791)
<b>Year ended 31 December 2019:</b>			
Loss and total comprehensive income for the year	-	(1,363,365)	(1,363,365)
<b>Balance at 31 December 2019</b>	1,000,000	(8,590,156)	(7,590,156)
<b>Year ended 31 December 2020:</b>			
Loss and total comprehensive income for the year	-	(169,891)	(169,891)
<b>Balance at 31 December 2020</b>	1,000,000	(8,760,047)	(7,760,047)

# ROTARY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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 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](http://www.hkex.com.hk).

#### **2.2 Going concern**

As at the year-end the company was loss making with net liabilities of £7,760,047 (2019: – £7,590,156). 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.

Taking into consideration the impact of Covid-19, 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 2020

### 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
-------------------------------------------------------	---------------

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 2020

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#### 2 Accounting policies

(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 2020

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#### 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 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### 2.14 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 2020

### 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 Turnover

Turnover is wholly attributable to the principal activity of the company and represents the value of goods and services supplied to customers during the year and is net of trade, settlement and retrospective discounts and VAT. Turnover is wholly attributable to the principal activity of the company and arises solely outside the United Kingdom.

### 5 Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Total	6	6

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

### 6 Taxation

	2020 £	2019 £
<b>Current tax</b>		
Adjustments in respect of prior periods	-	45,763

A deferred tax asset has not been recognised in respect of depreciation in excess of capital allowances of £184,401 (2019 - £180,520) and tax losses of £984,727 (2019 - £955,762).



# **ROTARY OVERSEAS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **7 Intangible fixed assets**

#### **Trademarks £**

#### **Cost**

At 1 January 2020 271,689

Additions 16,021

At 31 December 2020 287,710

#### **Amortisation**

At 1 January 2020 141,450

Amortisation charged for the year 27,858

At 31 December 2020 169,308

#### **Carrying amount**

At 31 December 2020 118,402

At 31 December 2019 130,239

### **8 Tangible fixed assets**

#### **Fixtures and fittings £**

#### **Cost**

At 1 January 2020 611,862

Additions 1,563

At 31 December 2020 613,425

#### **Depreciation**

At 1 January 2020 576,266

Depreciation charged in the year 20,427

At 31 December 2020 596,693

#### **Carrying amount**

At 31 December 2020 16,732

At 31 December 2019 35,596

### **9 Fixed asset investments**

	Notes	2020 £	2019 £
Shares in group undertakings and participating interests	10	1	1

# ROTARY OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Fixed asset investments (Continued)

#### Movements in fixed asset investments

#### Shares in group undertakings

£

#### Cost or valuation

At 1 January 2020 & 31 December 2020

316,689

#### Impairment

At 1 January 2020 & 31 December 2020

316,688

#### Carrying amount

At 31 December 2020

1

At 31 December 2019

1

### 10 Subsidiary undertaking

Details of the company's subsidiary undertaking at 31 December 2020 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

### 11 Stocks

	2020	2019
	£	£
Stocks	63,711	111,680

# **ROTARY OVERSEAS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **12 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	112,711	332,512
Amounts owed by related parties	120,382	167,914
Amounts owed by group undertakings	193,784	69,857
Other debtors	2,640	2,640
Prepayments and accrued income	-	5,734
	<u>429,517</u>	<u>578,657</u>

### **13 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	267,009	230,779
Amounts owed to related parties	70,294	50,313
Amounts due to group undertakings	8,091,233	8,208,163
Other taxation and social security	14,970	2,105
Other creditors	46,995	1,127
Accruals and deferred income	36,236	54,451
	<u>8,526,737</u>	<u>8,546,938</u>

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

### **14 Retirement benefit schemes**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>776</u>	<u>381</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 (2018 - £nil) were payable to the fund at the year-end date and are included in other creditors.

### **15 Called up share capital**

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
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 TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **16 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.

#### **17 Ultimate controlling party**

At 31 December 2020 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](http://www.hkex.com.hk).

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.