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THE ROLEX WATCH COMPANY LIMITED

REPORT AND ACCOUNTS

for the year ended

31ST JANUARY 1983



1.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF THE ROLEX WATCH COMPANY LIMITED

To be presented at the Sixty-Eighth Annual General Meeting
of the Company

Board of Directors:

Mr. H. Van Gessel	Mr. J.A. Nelson
Mr. D.W.F. Kennard	Mr. C.H.F. Reynolds
Mr. J. Meddows	

The directors submit their report together with the audited accounts of the company for the year ended 31st January 1983.

PRINCIPAL ACTIVITIES

The principal activities of the company are the wholesaling and servicing of watches.

FINANCIAL RESULTS

	<u>1983</u>	<u>1982</u>
The trading profit for the year after taxation was	11,358	139,370
The profit on sale of freehold land after taxation was	<u>176,532</u>	<u>-</u>
Profit retained	<u>£187,890</u>	<u>£139,370</u>

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors have non-beneficial interests in shares of the company by virtue of their appointment as directors. The number of such shares held by each director of the company at 1st February 1982 and 31st January 1983 were:

Mr. D.W.F. Kennard	4 shares
Mr. C.H.F. Reynolds	4 shares
Mr. J.A. Nelson	1 share
Mr. J. Meddows	1 share
Mr. H. Van Gessel	-

Mr. H. Van Gessel one of the directors retiring by rotation, being eligible offers himself for re-election. Mr. C.H.F. Reynolds the other director retiring by rotation does not seek re-election.

FIXED ASSETS

The net book value of the company's fixed assets at 31st January 1983 amounted to £226,430 (1982: £295,104). Full details are shown in note 5 in the Notes to the Accounts.

Freehold land and buildings included at a valuation of £85,000 at 31st January 1982 were disposed of on 22nd March 1982 for £245,000. The remaining property was professionally revalued on 31st January 1983 at £160,000.

Identified True Copy

Director

Meddows.

Secretary

REPORT OF THE DIRECTORS

2.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Charitable contributions made during the year amounted to £10,354 (1982: £316). There were no political contributions during the year (1982: Nil).

AUDITORS

Dearden Farrow have expressed their willingness to be re-appointed as auditors to the company and an appropriate resolution will be submitted at the forthcoming General Meeting.

By order of the Board

J.A. NELSON

Managing Director

Bexley, Kent.

13TH JUNE 1983

REPORT OF THE AUDITORS
TO THE MEMBERS OF THE ROLEX WATCH COMPANY LIMITED

We have audited the accounts set out on pages 4 to 9 in accordance with approved Auditing Standards.

In our opinion the accounts which have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, give a true and fair view of the state of the company's affairs at 31st January 1983 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

The accounts do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

London



Chartered Accountants

17th June 1983.

THE ROLEX WATCH COMPANY LIMITED

4.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1983

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
TURNOVER	1(d)	<u>£6,265,995</u>	<u>£4,548,340</u>
TRADING PROFIT after charging items set out below		3,998	95,854
Remuneration of directors	2	96,015	78,647
Interest payable		164	29
Auditors' remuneration and expenses		6,500	6,000
Depreciation of fixed assets	1(a)	<u>20,732</u>	<u>20,230</u>
OTHER INCOME			
Interest receivable		12,182	27,938
Income from rents		<u>-</u>	<u>1,084</u>
		<u>12,182</u>	<u>29,022</u>
PROFIT FOR YEAR before taxation and extraordinary item		16,180	124,876
Taxation	3	<u>4,822</u>	<u>(14,494)</u>
Profit before extraordinary item		11,358	139,370
Extraordinary item after taxation	4	<u>176,532</u>	<u>-</u>
PROFIT FOR THE YEAR - RETAINED		<u>£ 187,890</u>	<u>£ 139,370</u>

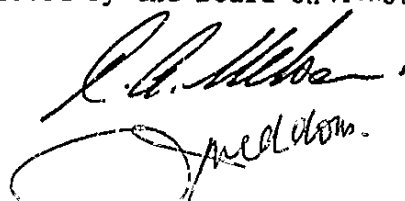
THE ROLEX WATCH COMPANY LIMITED

5.

BALANCE SHEET AS AT 31ST JANUARY 1983

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
FIXED ASSETS	5	226,430	295,104
CURRENT ASSETS			
Trading stock	1(b)	2,320,502	1,804,670
Debtors		1,701,736	1,234,279
Short term bank deposit		853,627	207,405
Balance at bank and cash in hand		242,311	342,373
Tax recoverable		19,000	14,607
		<u>5,137,176</u>	<u>3,603,334</u>
CURRENT LIABILITIES			
Amount due to fellow subsidiary company		2,443,538	1,154,056
Creditors and accruals		322,276	298,117
Current taxation		-	-
		<u>2,765,814</u>	<u>1,452,173</u>
NET CURRENT ASSETS		<u>2,371,362</u>	<u>2,151,161</u>
NET ASSETS		<u><u>£2,597,792</u></u>	<u><u>£2,446,265</u></u>
Financed by:			
SHARE CAPITAL			
Authorised, issued and fully paid:			
120,000 ordinary shares of £1 each		120,000	120,000
SHARE PREMIUM		444,900	444,900
REVALUATION RESERVE	6	111,332	165,095
PROFIT AND LOSS ACCOUNT	7	<u>1,921,560</u>	<u>1,716,270</u>
		<u><u>£2,597,792</u></u>	<u><u>£2,446,265</u></u>

Approved by the Board on 13/14 June 1983



)
) DIRECTORS
)

THE ROLEX WATCH COMPANY LIMITED

6.

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST JANUARY 1983

	<u>1983</u>	<u>1982</u>
SOURCE OF FUNDS		
Profit before taxation	16,180	124,876
Adjustment for items not involving the movement of funds:		
Depreciation	20,732	20,230
TOTAL GENERATED FROM OPERATIONS	36,912	145,106
FUNDS FROM OTHER SOURCES		
Net sale proceeds of freehold property	237,769	-
Tax recovered during year	9,785	-
	284,466	145,106
APPLICATION OF FUNDS		
Tax paid during year	54,000	60,013
Invested in fixed assets	21,241	33,201
Less: Related sources		
Fixed assets disposals	(6,583)	(2,900)
	68,658	90,314
INCREASE IN WORKING CAPITAL	<u>£215,808</u>	<u>£ 54,792</u>
Represented by:		
Increase in stock	515,832	227,883
Increase in debtors	467,457	361,746
(Increase) in creditors	(24,159)	(98,940)
(Increase) in amount due to fellow subsidiary company	(1,289,482)	(703,052)
	(330,352)	(212,363)
Movement in net liquid funds:		
Increase in short term bank deposits	646,222	142,731
(Decrease)/increase in balance at bank and cash in hand	(100,062)	124,424
	546,160	267,155
	<u>£215,808</u>	<u>£ 54,792</u>

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following are the more important accounting policies adopted by the company:

(a) Fixed assets and depreciation

Fixed assets are stated at cost or valuation and all repairs are written off as incurred. Depreciation is provided at the following straight line rates:

Freehold buildings	3% p.a.
Plant and equipment	10% to 25% p.a.
Motor vehicles	25% p.a.

(b) Trading stock is valued at the lower of cost and net realisable value.

(c) The liabilities in foreign currencies are converted to sterling at the rates of exchange ruling at the year end date.

(d) Turnover represents the total amount receivable for goods supplied and services provided, excluding Value Added Tax, during the year.

(e) Deferred taxation

Provision is only made for the estimated future liability to taxation arising from the difference between the depreciation provided in the accounts and the corresponding allowances for taxation purposes, where it can be estimated with reasonable probability that such taxation will become payable in the foreseeable future.

2. DIRECTORS' EMOLUMENTS

	<u>1983</u>	<u>1982</u>
Fees	262	262
Emoluments as executives	85,129	69,399
Pension scheme contributions	10,624	8,986
	<u>£96,015</u>	<u>£78,647</u>

Directors' emoluments excluding pension contributions:

Highest paid director	<u>£56,873</u>	<u>£43,873</u>
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Numbers:

£ 0 - £ 5,000	2	2
£10,001 - £15,000	1	2
£15,001 - £20,000	1	-
£40,001 - £45,000	-	1
£55,001 - £60,000	1	-

3. TAXATION

The charge/(credit) for the year is made up as follows:

	<u>1983</u>	<u>1982</u>
Corporation tax at 52% based on the year's results	-	(14,494)
Adjustment to prior years	<u>4,822</u>	<u>-</u>
	<u>£4,822</u>	<u>£(14,494)</u>

THE ROLEX WATCH COMPANY LIMITED

8.

NOTES TO THE ACCOUNTS

4. EXTRAORDINARY ITEM	<u>1983</u>	<u>1982</u>
Profit on sale of freehold land and buildings	211,532	-
<u>Less:</u> Corporation tax at 52%	2,000	
Development land tax at 60%	<u>33,000</u>	
	<u>35,000</u>	-
	<u>£176,532</u>	<u>£ -</u>

5. FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Motor vehicles</u>	<u>Plant and equipment</u>	<u>Total</u>
Cost or valuation:				
At 31st January 1982	240,000	19,317	115,947	375,264
Additions	-	13,516	7,725	21,241
Disposals	(85,000)	(10,908)	(593)	(96,501)
Surplus on revaluation during year	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
At 31st January 1983	<u>£160,000</u>	<u>£21,925</u>	<u>£123,079</u>	<u>£305,004</u>
Depreciation:				
At 31st January 1982	12,600	5,836	61,724	80,160
Depreciation charge for the year	4,800	3,829	12,103	20,732
Eliminated on revaluation or disposals	<u>(17,400)</u>	<u>(4,325)</u>	<u>(593)</u>	<u>(22,318)</u>
At 31st January 1983	<u>£ -</u>	<u>£ 5,340</u>	<u>£73,234</u>	<u>£ 78,574</u>
Net book value:				
31st January 1983	<u>£160,000</u>	<u>£16,585</u>	<u>£49,845</u>	<u>£226,430</u>
Net book value:				
31st January 1982	<u>£227,400</u>	<u>£13,481</u>	<u>£54,223</u>	<u>£295,104</u>

Fixed assets are included at cost, with the exception of the freehold land and buildings, which are shown at a professional valuation of £160,000 as at 31st January 1983. This valuation was carried out by Dron & Wright, Chartered Surveyors, on an open market existing use basis, and the whole of this figure has been attributed to the buildings for purposes of depreciation thereof. No provision has been made for any taxation which might arise on the disposal of the freehold property at the revalued figure.

NOTES TO THE ACCOUNTS

6.	REVALUATION RESERVE	<u>1983</u>	<u>1982</u>
	Balance - 1st February 1982	165,095	-
	Transfer from capital reserve	-	165,095
	Less: Valuation surplus on asset sold	(58,763)	-
	Add: Surplus arising on revaluation at 31st January 1983	5,000	-
		<u>£111,332</u>	<u>£165,095</u>
7.	PROFIT AND LOSS ACCOUNT		
	Balance - 1st February 1982	1,716,270	1,075,774
	Transfer from general reserve and reserve for bad debts	-	190,000
	Transfer from capital reserve	-	311,126
	Profit for year	187,890	139,370
	Depreciation previously charged, eliminated on revaluation	17,400	-
		<u>£1,921,560</u>	<u>£1,716,270</u>
8.	ULTIMATE HOLDING COMPANY		
	The ultimate holding company is Rolex Holding, a company incorporated in Switzerland.		
9.	COMPANIES ACT 1981		
	The company has adopted the transitional exemption granted under Schedule 2 of the Companies Act 1981, and accordingly these accounts have been drawn up so as to comply with section 149A of and Schedule 8A to the Companies Act 1948.		

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Director
Secretary