

Company Registration No. 00142138

The Rolex Watch Company Limited

Annual Report and Financial Statements

For the year ended 31 December 2015



The Rolex Watch Company Limited

Report and financial statements 2015

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The Rolex Watch Company Limited

Report and financial statements 2015

Officers and professional advisers

Directors

Mr B Gros (Chairman)
Mrs C Thomson (Vice Chairman)
Mr R de Leyser (Managing Director)
Mr G E Richards

Secretary

Mr G E Richards

Registered Office

19 St. James's Square
London
SW1Y 4JE

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitors

D Young & Co LLP
120 Holborn
London
EC1N 2DY

Auditor

Deloitte LLP
Chartered Accountants
London

The Rolex Watch Company Limited

Strategic report

Business review and principal activities

The company is a wholly-owned subsidiary of Rolex Holding SA a company incorporated in Switzerland and operates as part of the group's distribution and watch servicing operations.

The company's principal activity is the sale of Rolex products to the watch industry in the UK and Ireland. There have not been any significant changes in the company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activity in the next year.

As shown in the company's profit and loss account on page 7, the company's turnover increased by 6% over the prior year due to a combination of factors including improvements in mix, price and volume. Profit after tax increased from £14m to £16m.

The balance sheet on page 9 of the financial statements shows that the company's financial position at the year end is still strong. The material balance sheet movement relates to a £22m increase in cash at bank, £5m reduction in Trade debtors and stocks decreased by £11m, while amounts due to group companies decreased by £1m. Details of amounts owed to group companies are shown in note 9 on page 18.

There have been no significant events since the balance sheet date.

An Interim dividend of £3m and a final dividend of £5m were paid to shareholder during the year.

The directors have performed a going concern assessment and, having concluded that the company is a going concern, have prepared the financial statements on this basis. Further information in respect of the going concern assessment is included in note 1 to the accompanying financial statements.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The company's sales in Ireland are made in Euros and it is therefore exposed to the movement in the Euro to Sterling exchange rate. The majority of the company's purchases are in Swiss Francs and it is therefore exposed to the movement in the Swiss Franc to Sterling exchange rate.

The company does not use any financial derivatives.

The Rolex Watch Company Limited

Strategic report (continued)

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. These risks are managed by the company's policies approved by the board of directors, which provide written principles on the management of these risks.

Foreign exchange risk

The directors review the company's foreign exchange exposure on a regular basis and take necessary action as appropriate.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The company's credit risk exposure is spread over a large number of counterparties and customers. One customer accounts for £22m of trade debtors.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company maintains sufficient cash balance in its bank account.

Environment

Rolex Holding SA recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the company's impact on the environment include improving our energy use efficiency, reducing the amount of CO₂ emissions by switching from conventional to renewable energy sources and minimising the consumption of water and the production of waste (both hazardous and non-hazardous) are currently being considered.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 15.

Approved by the Board of Directors
and signed on behalf of the Board



G E Richards
Director

26th February 2016

The Rolex Watch Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

The strategic report forms part of the Directors report.

Directors

The directors confirm that there was no third party indemnity provision in place during the year or at the date of signing.

The directors who served throughout the year were:

Mr R de Leyser

Mr B Gros

Mr G E Richards

Mrs C Thomson

Mr B Gros retires by rotation and, being eligible, offers himself for re-election.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

There are no subsequent material events after the balance sheet date up to the date of signing.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G E Richards
Director

26th February

2016

The Rolex Watch Company Limited

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 including "FRS102 the Financial Reporting Standard applicable in the UK and republic of Ireland" 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed: and
- 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 with reasonable accuracy at any time of the financial position of the company and to 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.

Independent auditor's report to the members of The Rolex Watch Company Limited

We have audited the financial statements of The Rolex Watch Company Limited for the year ended 31 December 2015 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 18. 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 including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

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 auditor

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 and of its profit 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.

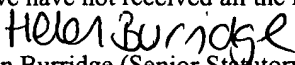
Opinion on matters prescribed by the Companies Act 2006

In our opinion the information in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.


Helen Burridge (Senior Statutory Auditor) for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom 2016

The Rolex Watch Company Limited

Profit and loss account Year ended 31 December 2015

	Notes	£(000)'s	2015 £(000)'s	£(000)'s	2014 £(000)'s
Turnover	2		190,085		179,449
Cost of sales			(145,330)		(136,946)
Gross profit			44,755		42,503
Distribution costs		(13,995)		(14,508)	
Administration and establishment costs		(10,873)		(10,343)	
			(24,868)		(24,851)
Operating profit			19,887		17,652
Interest receivable		23		29	
Other finance (expense) / income	14	(3)		77	
Net Interest receivable/(payable)			20		106
Profit on ordinary activities before taxation	3		19,907		17,758
Tax on profit on ordinary activities	5		(4,108)		(3,893)
Profit for the financial year attributable to the equity shareholders of the Company			15,799		13,865

The Rolex Watch Company Limited

Statement of comprehensive income Year ended 31 December 2015

	Note	2015 £(000)'s	2014 £(000)'s
Profit for the financial year		15,799	13,865
Actuarial loss / (gain) on defined benefit pension scheme	15	506	(2,056)
Tax relating to components of other comprehensive income / (losses)		(99)	447
Unrecognised reduction/(increase) in surplus on pension scheme	15	(242)	72
Total comprehensive income for the period		<u>15,964</u>	<u>12,328</u>

The Rolex Watch Company Limited

Balance sheet as at 31 December 2015

	Notes	£(000)'s	2015 £(000)'s	£(000)'s	2014 £(000)'s
Fixed assets					
Tangible assets	6		32,582		33,367
Current assets					
Stocks	7	27,676		38,404	
Debtors	8	39,796		44,447	
Cash at bank and in hand		26,648		4,346	
		<u>94,120</u>		<u>87,197</u>	
Creditors: amounts falling due within one year	9	<u>(18,820)</u>		<u>(20,646)</u>	
Net current assets			75,300		66,551
Total assets less current liabilities			<u>107,882</u>		<u>99,918</u>
Net assets			<u>107,882</u>		<u>99,918</u>
Capital and reserves					
Called up share capital	10		120		120
Share premium account			445		445
Profit and loss account			107,317		99,353
Shareholders' funds			<u>107,882</u>		<u>99,918</u>

The financial statements of The Rolex Watch Company Limited, registered number 00142138, were approved by the Board of Directors and authorised for issue on *26th February* 2016.

Signed on behalf of the Board of Directors

R. de Leyser

R de Leyser
Director

G E Richards

G E Richards
Director

The Rolex Watch Company Limited

Statement of changes in equity Year ended 31 December 2015

	Notes	Called up share capital £(000)'s	Share premium account £(000)'s	Profit and loss account £(000)'s	Total £(000)'s
At 31 st December 2013 as previously stated		120	445	90,025	90,590
Changes on transition to FRS102	18	-	-	-	-
At 1 st January 2014 as restated		120	445	90,025	90,590
Profit for the financial year		-	-	13,865	13,865
Actuarial gain / (loss) on defined benefit pension scheme		-	-	(2,056)	(2,056)
Tax relating to other comprehensive income/(losses)		-	-	447	447
Unrecognised reduction/(increase) in surplus on pension scheme		-	-	72	72
Total Comprehensive income / (losses)		-	-	12,328	12,328
Dividends paid on equity shares		-	-	(3,000)	(3,000)
At 31 st December 2014		120	445	99,353	99,918
Profit for the financial year		-	-	15,799	15,799
Actuarial gain / (loss) on defined benefit pension scheme		-	-	506	506
Tax relating to other comprehensive income/(losses)		-	-	(99)	(99)
Unrecognised reduction/(increase) in surplus on pension scheme		-	-	(242)	(242)
Total Comprehensive income / (losses)		120	445	115,317	115,882
Dividends paid on equity shares		-	-	(8,000)	(8,000)
At 31 st December 2015		120	445	107,317	107,882

The Rolex Watch Company Limited

Cash flow statement

Year ended 31 December 2015

	Notes	£(000)'s	2015 £(000)'s	2014 £(000)'s
Net cash inflow from operating activities	12		<u>30,590</u>	<u>339</u>
Cash flows from investing activities				
Interest received		23		29
Proceeds from the sale of fixed assets		39		-
Purchase of fixed assets		<u>(350)</u>	<u>(57)</u>	
Net cash from investing activities			<u>(288)</u>	<u>(28)</u>
Cash flows from financing activities				
Dividends paid		<u>(8,000)</u>	<u>(3,000)</u>	
Net cash flows from financing activities			<u>(8,000)</u>	<u>(3,000)</u>
Net increase / (decrease) in cash and cash equivalents			<u>22,302</u>	<u>(2,689)</u>
Cash and cash equivalents at beginning of year			<u>4,346</u>	<u>7,035</u>
Cash and cash equivalents at end of year			<u>26,648</u>	<u>4,346</u>

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

1. Significant accounting policies

General information and basis of preparation

The Rolex Watch Company Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 and 3. The accounts are prepared in accordance with applicable United Kingdom law under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 18.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The particular accounting policies adopted are described below and have been applied consistently throughout the year and the preceding year.

Going concern basis

The Company's business activities, together with the factors likely to affect its future development, and principal risks, performance and position are set out in the Strategic Report. This includes the risks created by the challenging economic environment and other risks referred to in the Strategic Report.

The company meets its day-to-day working capital requirements through its cash reserves and generation of cash flow throughout the year. As at the year end the company had cash reserves of £27m.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current and expected cash resources.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is charged on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its estimated useful life, which is reviewed annually. The estimated useful lives are as follows:

Freehold buildings	50 years
Land	999 years
Leasehold improvements	10 years
Plant and equipment	4 to 10 years
Motor vehicles	4 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell, which is the equivalent to the net realisable value. Cost comprises the purchase price on a first in first out basis. Provision is made for obsolete, slow-moving or defective items where appropriate.

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

1. Significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are taken to the profit and loss account.

Taxation

Corporation tax is provided at amounts expected to be paid using the tax rates and laws enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all other evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets or liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the Company which intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover represents the amount receivable for the goods supplied and services provided for continuing activities, excluding Value Added Tax and trade discounts, during the year. The revenue for services is recorded on final completion of those services and finished goods on delivery of those goods.

Retirement benefits

The company operates a defined benefit scheme for those employees wishing to participate and who are eligible.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account. The net interest cost on the net defined benefit liability is shown within finance costs. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

1. Significant accounting policies (continued)

payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Critical Accounting Judgements

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of stock provisions (note 7) and pension valuations (note 15).

2. Turnover by geographical segment

	2015 £(000)'s	2014 £(000)'s
United Kingdom	184,436	173,958
Rest of Europe	5,649	5,491
	<u>190,085</u>	<u>179,449</u>

An analysis of the Company's turnover is as follows

	2015 £(000)'s	2014 £(000)'s
Sale of goods	179,672	170,378
Sale of services	10,413	9,071
	<u>190,085</u>	<u>179,449</u>

3. Profit on ordinary activities before taxation

	2015 £(000)'s	2014 £(000)'s
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Operating lease rentals – other	2,141	2,148
Depreciation	1,106	1,103
(Gain) on disposal of fixed assets	(9)	-
Impairment of stock recognised as an expense	219	39
Foreign exchange (gain)	(1,336)	(753)
Auditor's remuneration:		
Fees payable to company's auditor for audit of the company's financial statement	60	55
Other services –other professional services	4	17
Other services –audit related services	8	5
Other services –general taxation advice	37	21
	<u>37</u>	<u>21</u>

The Rolex Watch Company Limited

Notes to the accounts

Year ended 31 December 2015

4. Employees

The average number of employees including directors during the year was 172 (2014: 161) made up as follows:

	2015 No.	2014 No.
Production	98	92
Administration and management	48	44
Distribution and sales	22	21
Establishment	4	4
	<u>172</u>	<u>161</u>

Staff costs, including directors, during the year amounted to:

	2015 £(000)'s	2014 £(000)'s
Wages and salaries	9,051	8,066
Social security costs	914	816
Other pension cost (see note 15)	968	2,929
	<u>10,933</u>	<u>11,811</u>

Directors' emoluments

	2015 £(000)'s	2014 £(000)'s
Emoluments	<u>1,874</u>	<u>1,422</u>

Directors' remuneration excluding pension scheme contributions

	2015 £(000)'s	2014 £(000)'s
Highest paid director	<u>1,262</u>	<u>963</u>

Two directors are members of the company's defined benefit pension scheme and the accrued pension of the highest paid director at 31 December 2015 was £16,198 (2014: £11,172).

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Notes to the accounts Year ended 31 December 2015

5. Tax

Analysis of tax charge on profit on ordinary activities

	2015 £(000)'s	2014 £(000)'s
United Kingdom corporation tax at 20.25% (2014: 21.49%) based on the profit for the year	4,091	3,478
Adjustment in respect of prior years	24	(50)
Total Current Tax	4,115	3,428
Deferred tax		
Timing differences, origination and reversal	46	513
Prior year adjustment	-	(12)
Effective changes in tax rate	(53)	(36)
Total deferred tax	(7)	465
Total tax charge for the year	4,108	3,893

Factors affecting tax charge for the current year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK:

The differences are explained below:

	2015 £(000)'s	2014 £(000)'s
Profit on ordinary activities before tax	19,907	17,758
Tax at 20.25% (2014: 21.49%) thereon:	4,031	3,871
Expenses not deductible/(not taxable)	106	120
Effect change in tax rate	(53)	(36)
Timing difference		
Prior year adjustments	24	(62)
Total tax charge for year	4,108	3,893

A potential deferred tax asset of £600,000 (2014: £600,000) has not been recognised in respect of capital losses as there is insufficient evidence that the asset will be recovered.

The standard rate of tax applied to reported profit on ordinary activities is 20.25% (2014 21.80%).

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax liability as at 31 December 2015 has been calculated at 19% reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods.

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

6. Tangible fixed assets

£(000)'s	Land and building	Short leasehold improvements	Motor vehicles	Plant and equipment	Total
Cost					
At 1 January 2015	32,990	6,162	124	5,606	44,882
Additions	-	-	89	261	350
Disposals	-	-	(74)	-	(74)
At 31 December 2015	32,990	6,162	139	5,867	45,158
Accumulated depreciation					
At 1 January 2015	2,184	6,162	61	3,108	11,515
Charge for the year	523	-	29	554	1,106
Disposals	-	-	(45)	-	(45)
At 31 December 2015	2,707	6,162	45	3,662	12,576
Net book value					
At 31 December 2014	30,806	-	63	2,498	33,367
At 31 December 2015	30,283	-	94	2,205	32,582

7. Stocks

	2015 £(000)'s	2014 £(000)'s
Repair materials	6,560	5,993
Finished goods and goods for resale	21,116	32,411
	27,676	38,404

There is no material difference between the balance sheet value of stocks and their replacement cost.

8. Debtors

	2015 £(000)'s	2014 £(000)'s
Trade debtors	38,729	43,330
Other debtors	12	18
Prepayments and accrued income	1,055	1,099
	39,796	44,447

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

9. Creditors: amounts falling due within one year

	2015 £(000)'s	2014 £(000)'s
Trade creditors	939	1,369
Amounts due to group companies	8,656	9,963
Corporation tax	1,038	2,580
Deferred tax liability > 1 year	1,050	1,060
Other taxes and social security costs	5,581	4,688
Other creditors	185	185
Accruals and deferred income	1,371	801
	<u>18,820</u>	<u>20,646</u>

Deferred tax - creditors

	2015 £(000)'s	2014 £(000)'s
At 31 December 2014	1,060	1,038
Tax charge	46	37
Prior year adjustment	-	(12)
Effect of change in tax rate	(56)	(3)
At 31 December 2015	<u>1,050</u>	<u>1,060</u>

	2015 £(000)'s	2014 £(000)'s
Capital allowances in excess of depreciation	1,050	1,060
Provision for deferred tax	<u>1,050</u>	<u>1,060</u>

10. Called up share capital

	2015 £(000)'s	2014 £(000)'s
Authorised:		
120,000 ordinary shares of £1 each	<u>120</u>	<u>120</u>
Called up, allotted and fully paid		
120,000 ordinary shares of £1 each	<u>120</u>	<u>120</u>

11. Dividends on equity share

	2015 £(000)'s	2014 £(000)'s
Amounts recognised as distributions to equity holders in the period	<u>8,000</u>	<u>3,000</u>
120,000 ordinary shares at £67 per share		

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

12. Cash flow statement

	2015 £(000)'s	2014 £(000)'s
Operating profit	19,887	17,652
Depreciation	1,106	1,103
Gain on disposal of fixed assets	(9)	
Operating cash flow before movement in working capital	20,984	18,755
(Increase)/decrease in stock	10,728	(2,841)
(Increase)/decrease in debtors	4,652	(11,733)
Increase/(decrease) in creditors	(274)	241
UK Taxation paid	(5,701)	(2,194)
Pension costs - total operating charge	1,169	1,040
- Contributions paid	(968)	(2,929)
	9,606	(18,416)
Cash generated by operations	30,590	339

13. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2015 £(000)'s	2014 £(000)'s
- One year	2,133	2,133
- Between one and five years	8,532	8,532
- after five years	711	2,844

14. Other finance (expense)/income

	2015 £(000)'s	2014 £(000)'s
Net interest on defined benefit liability	(3)	77

The Rolex Watch Company Limited

Notes to the accounts

Year ended 31 December 2015

15. Pension costs

The company operates one defined benefit scheme in the UK which offers both pensions in retirement and death benefits to members. Members earn benefits on a career average revalued earnings structure. Contributions to the scheme for the year beginning 1 January 2016 are expected to be £2m.

The major assumptions used by the actuary were (in nominal terms):

	At 31 December 2015	At 31 December 2014
CARE revaluation rate	3.85%	3.55%
Discount rate	4.0%	3.7%
Inflation assumption	3.1%	2.8%
Rate of increase of pensions in payment	3.0%	2.8%
Assumed life expectancies on retirement at age 65 are:		
Males	22	22
Females	24	24

The assumptions used in determining the overall return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

The analysis of the scheme assets at the balance sheet date were:

	31 December 2015 Value at £(000)'s	31 December 2014 Value at £(000)'s
Equities	24,121	17,446
Gilts		
Cash	395	2,379
Bonds	15,026	19,825
Fair value of plan assets	39,542	39,650
The actual return on assets over the period was	1,171	3,519

The amounts recognised in the balance sheet are as follows:

Present value of scheme liabilities	(39,214)	(39,625)
Fair value of scheme assets	39,542	39,650

Restricted surplus before tax	328	25
Tax relating to restricted surplus (liability)	(66)	(5)
Net pension surplus	262	20

The Net pension surplus has not been recognised in these accounts as there is insufficient evidence that the asset will be recovered.

The Rolex Watch Company Limited

Notes to the accounts Year ended 31 December 2015

15. Pension costs (continued)

	2015 £(000)'s	2014 £(000)'s
Reconciliation of opening and closing balances of the present value of the scheme liabilities		
Liabilities at beginning of year	39,625	34,065
Current service cost	1,169	1,040
Interest cost	1,446	1,540
Contributions by scheme participants	178	191
Actuarial loss	(795)	3,958
Benefits paid	(2,409)	(1,169)
Past service cost	-	-
Liabilities at end of year	39,214	39,625
Reconciliation of opening and closing balances of the fair value of scheme assets		
Fair value of scheme assets at beginning of year	39,650	34,180
Expected return on scheme assets	1,444	1,617
Actuarial gain / (loss)	(289)	1,902
Contributions by employers	968	2,929
Contribution by scheme participants	178	191
Benefits paid	(2,409)	(1,169)
Fair value of scheme assets at end of year	39,542	39,650
Actuarial gains/(losses) amount included in the statement of comprehensive income	506	(2,056)
Analysis of the amount charged to operating profit		
Current service cost	1,169	1,040
Past service cost	-	-
	1,169	1,040
Analysis of the amount charged to other finance expense		
Expected return on pension scheme assets	1,443	1,617
Interest on pension scheme liabilities	(1,446)	(1,540)
Net charge	(3)	77

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Notes to the accounts

Year ended 31 December 2015

16. Related party transactions

Total transactions with subsidiaries of Rolex Holding SA amounted to cost of purchases and services provided of £135 million (2014: £142 million) during the year.

	2015 £ million	2014 £ million
Rolex SA	128	129
Roldeco SA	1	2
St James's Property Investment Limited	3	3
Tudor SA	3	8
Total	135	142
	2015 £(000)'s	2014 £(000)'s
Amounts due to fellow subsidiaries:		
Rolex SA	7,594	9,738
Roldeco SA	4	-
Rolex Promotions SA	10	2
St James's Property Investment Limited	766	223
Total	8,374	9,963

The total remuneration for key management personnel for the period totalled £1,877,153 (2014: £1,423,489), being remuneration disclosed in note 4 of £1,874,153 (2014: £1,422,239) and pension costs of £3,000 (2014 £1,250).

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Notes to the accounts

Year ended 31 December 2015

17. Ultimate holding company

The immediate holding company is Rolex Holding SA, a company incorporated in Switzerland. The smallest and largest group in which the results are consolidated is that headed by Rolex Holding, which the directors consider to be the ultimate controlling party.

18. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statement under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for year ended 31st December 2014 and the date of transition to FRS 102 therefore 1st January 2014. As a consequence of adopting FRS 102, the accounting policy on retirement benefits has changed to comply with that standard. The expected long-term rate of return on Scheme assets has been altered (lowered) to be equal to the assumed discount rate which has had the effect of adjusting the actuarial loss and the expenses recognised in the profit and loss.

	At 1 st January 2014 £(000)'s	At 31 st December 2014 £(000)'s
Equity reported under previous UK GAAP	90,589	99,918
Adjustments to equity on transition to FRS 102		
Adjustment to retirement benefits	-	-
Equity reported under FRS 102	90,589	99,918
		Year Ended 31st December 2014 £(000)'s
Profit for the financial year under previous UK GAAP		14,118
Adjustment to retirement benefits		(253)
Profit for the financial year under FRS 102		13,865

The additional actuarial gain of £253,000 has been put through the statement of changes in equity thus increasing equity and offsetting the loss shown in the profit and loss account through the lower expected gain to pension scheme assets brought about by the lowered expected rate of return.