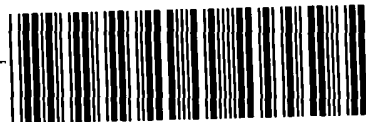


WATCHES OF SWITZERLAND OPERATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 APRIL 2020

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WATCHES OF SWITZERLAND OPERATIONS LIMITED
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COMPANY INFORMATION

Directors	H B Duffy L A R Romberg C Bolton (appointed 9 March 2020)
Company secretary	L Battley
Registered number	05074694
Registered office	Aurum House 2 Elland Road Braunstone Leicester LE3 1TT
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Solicitors	Gateley Plc Knightsbridge House Lower Brown Street Leicester LE1 5NL

WATCHES OF SWITZERLAND OPERATIONS LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 4
Independent Auditor's Report	5 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 - 20

WATCHES OF SWITZERLAND OPERATIONS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 26 APRIL 2020

Introduction

On 15 May 2019, the name of the company was changed from The Watches of Switzerland Group Limited to Watches of Switzerland Operations Limited (the "Company").

Business review

The results for the Company for the 52 week period ended 26 April 2020 show a loss after taxation of £18,917,234 (2019: profit £2,727,522).

As at 26 April 2020, the Company had net assets of £53,820,872 (2019: £72,738,106).

Principal risks and uncertainties

The principal risk for the Company is the carrying value of its investments. The performance of the underlying subsidiaries is periodically reviewed in order to mitigate this risk.

Financial key performance indicators

The Company has not identified any KPIs due to the nature of its operations as a holding company.

Section 172 Statement

The Directors are aware of their statutory duty to promote the success of the Company for the benefit of the members as a whole, and in doing so having regard to those factors set out in section 172(1) (a)-(f) of the Companies Act 2006.

As a result of the group governance structure, the matters that the directors are responsible for considering under section 172(1) of the Companies Act 2006 have been considered to an appropriate extent by the Watches of Switzerland Group PLC board in relation to both the Watches of Switzerland Group PLC and its subsidiaries (the 'Group') and also to the Company. The Directors have also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group board has considered the matters set out in s172 (for the Group and for the Company) is set out on pages 48-53 of the Group's Annual Report and Accounts, which does not form part of this report.

The interest of the Company's employees

The Company has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

The need to foster the Company's business relationships with suppliers, customers and others

The Company, as a holding company, has no suppliers or customers and as such the Directors primarily consider the interest of the ultimate parent company, Watches of Switzerland Group PLC. The key board decisions approved during the year were made in line with the strategic goals and objectives of both the Company and the Group.

This report was approved by the Board and signed on its behalf.


L A R Romberg
Director

Date: 1 April 2021

WATCHES OF SWITZERLAND OPERATIONS LIMITED
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**DIRECTORS' REPORT
FOR THE PERIOD ENDED 26 APRIL 2020**

The Directors present their report and the financial statements for the period ended 26 April 2020.

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

Principal activity

The Company acts as an intermediate holding company.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 26 APRIL 2020

Going concern

At 26 April 2020 the Company had net current liabilities of £143,612,308 (2019: current liabilities £124,762,677). Excluding amounts owed to and from Group undertakings, the Company had £nil current assets and liabilities (2019: current liabilities £413,373).

The company operates its activities in conjunction with other companies within the Watches of Switzerland Group (the "Group") and therefore relies on the Group for its continued existence. The Directors have confirmed that the ultimate parent company, Watches of Switzerland Group PLC, intends to make funds available to the Company, if required, to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

An overview of the business activities, including a review of the key business risks that the Group face, is given in the Strategic Report in the Watches of Switzerland Group PLC's Annual Report and Accounts 2020. Information on the Group's treasury management policies, including information on covenants and debt facilities; process for managing its capital; its financial risk management objectives; and its exposures to liquidity risk and credit risk is also given within the Annual Report and Accounts 2020.

On 11 March 2020, the World Health Organisation raised the public health emergency situation caused by the outbreak of the Coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which has and will continue to impact the macroeconomic environment and the evolution of business. The Group has assessed the impact of COVID-19 on the operations of the business within the Annual Report and Accounts 2020 as well as the Interim Group financial statements for the 26 weeks to 25 October 2020 which are both publicly available from the Group's website www.thewosgroupplc.com.

On 14 May 2020, the Group entered into a new £45,000,000 facility agreement as part of the UK Government Coronavirus Large Business Interruption Loan Scheme ("CLBILS") with a maturity of November 2021. On 5 March 2021, the remaining CLBILS facility was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Company from all obligations, guarantees and security created as part of the CLBILS scheme.

On 18 June 2020, the covenant tests of the Group's facilities were replaced with a monthly minimum liquidity headroom covenant of £20,000,000 for the period of June 2020 to September 2021. The directors of the Group sought the replacement of covenants to provide further flexibility to deal with any unexpected circumstances during that period.

In assessing whether the going concern basis of accounting is appropriate, the directors of the Group have reviewed various trading scenarios, including potential severe but plausible scenarios, the Group's board believes that the Group is able to adequately manage its financing and principal risks and that the Group will be able to operate within the level of its facilities and meet the required covenants for the going concern period extended to April 2022.

The Directors, having made enquiries and assessed the responses of the directors of Watches of Switzerland Group PLC, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Watches of Switzerland Group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of these enquiries, the support assured by Watches of Switzerland Group PLC, and the assessment of the Company's financial position, the Directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing these financial statements.

Results and dividends

The loss for the period, after taxation, amounted to £18,917,234 (2019: profit £2,727,522).

No dividends have been proposed or paid for the current period (2019: £21,012,660 paid in specie).

WATCHES OF SWITZERLAND OPERATIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Director

The Directors who served during the period were:

H B Duffy
L A R Romberg
A J Broderick (resigned 30 April 2020)
C Bolton (appointed 9 March 2020)

Disclosure of information to Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

This report was approved by the Board and signed on its behalf.

Post balance sheet events

On 14 May 2020, the Company provided cross guarantee arrangements to Barclays Bank PLC and National Westminster Bank PLC in respect of the obligations of certain fellow subsidiary undertakings in relation to a £45,000,000 CLBILS term and revolving facility. In addition, the Company has provided security for these obligations comprising fixed charges over shares and a floating charge. On 5 March 2021, the remaining CLBILS facility was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Company from all obligations, guarantees and security created as part of the CLBILS scheme.

On 22 January 2021, the Group undertook a reorganisation of a number of subsidiary entities within the Group. As part of the reorganisation, £50,000,000 of debt payable to Jewel UK Bidco Limited was waived by way of an irrevocable waiver. The company received a dividend in specie of intercompany balances totalling £110,398,497. As a result of this exercise, the balance sheet contains investments in subsidiaries and intercompany receivables at the date of signing the accounts.



L A R Romberg
Director

Date: 1 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATCHES OF SWITZERLAND OPERATIONS LIMITED

Opinion

We have audited the financial statements of Watches of Switzerland Operations Limited for the 52 week period ended 26 April 2020 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of 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 company's affairs as at 26 April 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 below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATCHES OF SWITZERLAND
OPERATIONS LIMITED (CONTINUED)**

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the audit:

- the information given 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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 strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATCHES OF SWITZERLAND OPERATIONS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

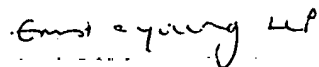
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located 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 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.



Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 April 2021

WATCHES OF SWITZERLAND OPERATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 26 APRIL 2020

	Note	2020 £	As restated 2019 £
Administrative expenses		-	(1,024,652)
Operating profit/(loss)		-	(1,024,652)
Income from fixed assets investments	4	-	21,012,660
Amounts written off investments	9	(67,603)	-
Interest payable and similar expenses	5	(18,849,631)	(17,260,486)
(Loss)/profit before tax		(18,917,234)	2,727,522
Tax on (loss)/profit	6	-	-
(Loss)/profit for the financial period		(18,917,234)	2,727,522
 Total comprehensive (loss)/income for the period		(18,917,234)	2,727,522

There were no recognised gains and losses for the financial years stated above other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for the period ended 26 April 2020 (2019: £nil).

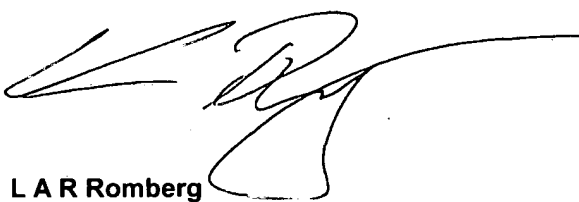
The notes on pages 11 to 20 form part of these financial statements.

WATCHES OF SWITZERLAND OPERATIONS LIMITED
REGISTERED NUMBER: 05074694

BALANCE SHEET
AS AT 26 APRIL 2020

	Note	26 April 2020 £	As restated 28 April 2019 £
Fixed assets			
Investments	9	197,433,180	197,500,783
		<u>197,433,180</u>	<u>197,500,783</u>
Current assets			
Debtors: amounts falling due within one year	10	48,744,811	49,164,373
		<u>48,744,811</u>	<u>49,164,373</u>
Creditors: amounts falling due within one year	11	(192,357,119)	(173,927,050)
Net current liabilities		<u>(143,612,308)</u>	<u>(124,762,677)</u>
Total assets less current liabilities		<u>53,820,872</u>	<u>72,738,106</u>
Net assets		<u><u>53,820,872</u></u>	<u><u>72,738,106</u></u>
Capital and reserves			
Called up share capital	12	22	22
Profit and loss account		53,820,850	72,738,084
		<u>53,820,872</u>	<u>72,738,106</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


L A R Romberg
 Director

Date: 1 April 2021

The notes on pages 11 to 20 form part of these financial statements.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 APRIL 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 30 April 2018 (as restated)	22	91,023,222	91,023,244
Comprehensive income for the period			
Profit for the period (as restated)	-	2,727,522	2,727,522
Dividends paid	-	(21,012,660)	(21,012,660)
At 28 April 2019 (as restated)	22	72,738,084	72,738,106
Comprehensive income for the period			
Loss for the period	-	(18,917,234)	(18,917,234)
At 26 April 2020	22	53,820,850	53,820,872

The notes on pages 11 to 20 form part of these financial statements.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2020

1. Accounting policies

1.1 General information

Watches of Switzerland Operations Limited (the Company) is a private company, limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 5074694 and the registered office is Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT.

The Company's ultimate parent undertaking, Watches of Switzerland Group PLC, an entity whose registered office is Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT and is incorporated in England in the UK, includes the Company in its consolidated financial statements. The consolidated financial statements of Watches of Switzerland Group PLC are available to the public and may be obtained from its registered office.

The Company is exempt from the requirement to prepare group accounts. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes.

As the consolidated financial statements of Watches of Switzerland Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 in respect of the following disclosure:

- Key Management Personnel compensation; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The financial statements are drawn up for either a 52 or 53 week period, to the nearest Sunday within one week of 30 April each financial year, being 26 April 2020 for the current period and 28 April 2019 for the prior period.

The Company's functional and presentational currency is GBP.

The preparation of financial statements in compliance 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. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Based on the Company's evaluation, no critical accounting estimates or judgements have been identified by the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

1. Accounting policies (continued)

1.3 Prior period restatement

The Company has restated the results and position previously reported in the prior period financial statements.

In the period ended 1 May 2016, the trade and net assets of a subsidiary undertaking, Watches of Switzerland Limited, were hived across to fellow subsidiary Watches of Switzerland Company Limited (formerly Aurum Group Limited) in a series of internal restructuring transactions. The trade and assets were transferred at the assets' book value, which were less than their fair value at that time. The resulting reduction of the value of the investment in Watches of Switzerland Limited was recognised as goodwill which was subsequently been amortised.

On reassessment of the above accounting treatment, the Company notes that this should have been treated as a derecognition of the investment in Watches of Switzerland Limited and an increase to the investment in the subsidiary undertaking where the trade and assets were transferred to, meaning that the goodwill balance should never have been created.

The Company has therefore restated its prior period results and position to derecognise goodwill, the associated accumulated amortisation, the amortisation charge for the period and to increase investments as well as restating the brought forward balance on the profit and loss account. The restated investment balance has been reassessed for impairment.

The cost of goodwill as at 28 April 2019 has been reduced by £5,025,008 and the accumulated amortisation reduced by £2,512,505 respectively. The net book value of goodwill as at 28 April 2019 is now shown as £nil. The amortisation charge incurred in the 52 week period to 28 April 2019 has been reduced by £1,803,948 and the impairment charge has been reduced by £16,547,161, resulting in an increase to the profit for the financial period by £18,351,109. Investments have been increased by £27,335,523 which represents the revised treatment of the transaction. The profit and loss account as at 30 April 2018 has been increased by £6,471,911 representing the accumulated amortisation of goodwill up to that date.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2020

1. Accounting policies (continued)

1.5 Going concern

At 26 April 2020 the Company had net current liabilities of £143,612,308 (2019: current liabilities £124,762,677). Excluding amounts owed to and from Group undertakings, the Company had £nil current assets and liabilities (2019: current liabilities £413,373).

The company operates its activities in conjunction with other companies within the Watches of Switzerland Group (the "Group") and therefore relies on the Group for its continued existence. The Directors have confirmed that the ultimate parent company, Watches of Switzerland Group PLC, intends to make funds available to the Company, if required, to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

An overview of the business activities, including a review of the key business risks that the Group face, is given in the Strategic Report in the Watches of Switzerland Group PLC's Annual Report and Accounts 2020. Information on the Group's treasury management policies, including information on covenants and debt facilities; process for managing its capital; its financial risk management objectives; and its exposures to liquidity risk and credit risk is also given within the Annual Report and Accounts 2020.

On 11 March 2020, the World Health Organisation raised the public health emergency situation caused by the outbreak of the Coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which has and will continue to impact the macroeconomic environment and the evolution of business. The Group has assessed the impact of COVID-19 on the operations of the business within the Annual Report and Accounts 2020 as well as the Interim Group financial statements for the 26 weeks to 25 October 2020 which are both publicly available from the Group's website www.thewosgroupplc.com.

On 14 May 2020, the Group entered into a new £45,000,000 facility agreement as part of the UK Government Coronavirus Large Business Interruption Loan Scheme ("CLBILS") with a maturity of November 2021. On 5 March 2021, the remaining CLBILS facility was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Company from all obligations, guarantees and security created as part of the CLBILS scheme.

On 18 June 2020, the covenant tests of the Group's facilities were replaced with a monthly minimum liquidity headroom covenant of £20,000,000 for the period of June 2020 to September 2021. The directors of the Group sought the replacement of covenants to provide further flexibility to deal with any unexpected circumstances during that period.

In assessing whether the going concern basis of accounting is appropriate, the directors of the Group have reviewed various trading scenarios, including potential severe but plausible scenarios, the Group's board believes that the Group is able to adequately manage its financing and principal risks and that the Group will be able to operate within the level of its facilities and meet the required covenants for the going concern period extended to April 2022.

The Directors, having made enquiries and assessed the responses of the directors of Watches of Switzerland Group PLC, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Watches of Switzerland Group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of these enquiries, the support assured by Watches of Switzerland Group PLC, and the assessment of the Company's financial position, the Directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing these financial statements.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

1. Accounting policies (continued)

1.6 Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Auditor's remuneration

The audit fees of £4,000 (2019: £5,000) for the current and prior periods have been borne by Watches of Switzerland Company Limited, a subsidiary undertaking.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

3. Employees

The Company has no employees (2019: nil) other than the Directors, who did not receive any remuneration for their services to the Company (2019: £nil).

The Directors consider it impractical to split out their remuneration in relation to this company. The Directors are remunerated by Watches of Switzerland Company Limited.

WATCHES OF SWITZERLAND OPERATIONS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

4. Income from investments insubsidiary undertakings

	2020 £	2019 £
Dividends received from unlisted investments	-	21,012,660
	<u>-</u>	<u>21,012,660</u>
	<u>-</u>	<u>21,012,660</u>

In the prior period the dividend of £21,012,660 was received in specie as part of a group reorganisation exercise. No cash was received as part of this transaction.

5. Interest payable and similar expenses

	2020 £	2019 £
Other loan interest payable	6,189	13,373
Loans from group undertakings	18,843,442	17,247,113
	<u>18,849,631</u>	<u>17,260,486</u>
	<u>18,849,631</u>	<u>17,260,486</u>

WATCHES OF SWITZERLAND OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2020

6. Taxation

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit before tax	(18,917,234)	2,727,522
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(3,594,274)	518,229
Effects of:		
Expenses not deductible for tax purposes	12,844	-
Dividends from UK companies	-	(3,992,405)
Other differences leading to a decrease in tax charge	-	(4,145)
Group relief	3,581,430	3,478,321
Total tax charge for the period	-	-

Factors that may affect future tax charges

The UK corporation tax rate is currently 19%. The government announced, in the 2020 Budget, that the rate would not change for the tax years commencing 1 April 2020 or 1 April 2021. This was a change from the planned reduction of the rate to 17% that had been announced in the 2016 Budget.

7. Dividends

	26 April 2020 £	28 April 2019 £
Dividend in specie	-	21,012,660
	-	21,012,660

In the prior period the dividend of £21,012,660 was paid in specie as part of a group reorganisation exercise. No cash was paid as part of this transaction.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2020

8. Deferred taxation

The amount unprovided for deferred taxation on tax losses at 26 April 2020 was £804,862 (2019: £720,140). The Company did not recognise deferred tax assets in respect of the above on the basis that the future economic benefit is uncertain.

9. Fixed asset investments

	Investments in subsidiaries £
Cost	
At 29 April 2019	197,500,783
Amounts written off	(67,603)
At 26 April 2020	<u>197,433,180</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Aurum Acquisitions Limited*	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Intermediate holding company	Ordinary	100%
Watches of Switzerland Company Limited (formerly Aurum Group Limited)	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Retail jewellers	Ordinary	100%
Goldsmiths Finance Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Finance company	Ordinary	100%
Aurum Insurance (Guernsey) Limited	Heritage Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4JH	Insurance company	Ordinary	100%
Watch Shop Limited*	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Dormant	Ordinary	100%
The Watch Lab Limited*	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Dormant	Ordinary	100%
Goldsmiths Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Dormant	Ordinary	100%

WATCHES OF SWITZERLAND OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2020

9. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Mappin & Webb Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Dormant	Ordinary	100%
Watches of Switzerland Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Dormant	Ordinary & Preference	100%
Aurum Pension Trustees Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Pension scheme trustee	Ordinary	100%
Watches of Switzerland Group USA Inc. (formerly Aurum Group USA Inc.)	108 West 13th Street, Wilmington, County of New Castle, Delaware DE 19801	Holding company	Ordinary	100%
Watches of Switzerland LLC	187 Wolf Road, Suite 101, Albany, New York NY 12205	Watch retailer	Ordinary	100%
Watches of Switzerland (Nevada) LLC	3131 Las Vegas Boulevard South, Suite #11, Las Vegas NV 89109	Watch retailer	Ordinary	100%
Mayor's Jewelers, Inc.	1209 Orange Street, Wilmington, Delaware DE 19801	Holding company	Ordinary	100%
Mayor's Jewelers of Florida, Inc.	1201 Hays Street, Tallahassee, Florida FL 32301	Retailer	Ordinary	100%
Macrocom (1077) Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Retailer	Ordinary	100%

*Directly held investment

10. Debtors: amounts falling due within one year

	26 April 2020 £	28 April 2019 £
Amounts owed by group undertakings	48,744,811	49,164,373
	<u>48,744,811</u>	<u>49,164,373</u>

The amounts owed by group undertakings are unsecured and repayable on demand.

WATCHES OF SWITZERLAND OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2020

11. Creditors: amounts falling due within one year

	26 April 2020 £	28 April 2019 £
Amounts owed to group undertakings	192,357,119	173,513,677
Other creditors	-	413,373
	<u>192,357,119</u>	<u>173,927,050</u>

Amounts owed to group undertakings take the form of an unsecured loan which was issued on 18 March 2013. The loan note incurs an annual interest charge of 11.0% per annum with interest payable semi-annually. The amounts are repayable on demand.

12. Share capital

	26 April 2020 £	28 April 2019 £
Allotted, called up and fully paid		
22,353 (2019: 22,000) Ordinary shares of £0.001 each	<u>22</u>	<u>22</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13. Contingent liabilities

The Company has provided cross guarantee arrangements to Barclays Bank PLC, BNP Paribas Fortis SA/NV, Goldman Sachs International and National Westminster Bank PLC in respect of the obligations of certain fellow subsidiary undertakings in relation to a £170 million multicurrency term and revolving facilities agreement.

The Company has provided further cross guarantee arrangements after the balance sheet date as noted within note 14.

WATCHES OF SWITZERLAND OPERATIONS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

14. Post balance sheet events

On 14 May 2020, the Company provided cross guarantee arrangements to Barclays Bank PLC and National Westminster Bank PLC in respect of the obligations of certain fellow subsidiary undertakings in relation to a £45,000,000 CLBILS term and revolving facility. In addition, the Company has provided security for these obligations comprising fixed charges over shares and a floating charge. On 5 March 2021, the remaining CLBILS facility was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Company from all obligations, guarantees and security created as part of the CLBILS scheme.

On 22 January 2021, the Group undertook a reorganisation of a number of subsidiary entities within the Group. As part of the reorganisation, £50,000,000 of debt payable to Jewel UK Bidco Limited was waived by way of an irrevocable waiver. The company received a dividend in specie of intercompany balances totalling £110,398,497. As a result of this exercise, the balance sheet contains investments in subsidiaries and intercompany receivables at the date of signing the accounts.

15. Ultimate parent undertaking and controlling party

As at the period end the Company is a subsidiary undertaking of Watches of Switzerland Group PLC. The ultimate controlling party is Watches of Switzerland Group PLC.

The largest and smallest group in which the results of the Company are consolidated is that headed by Watches of Switzerland Group PLC, whose registered office is Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT, incorporated in England in the UK. No other financial statements include the results of the Company. The consolidated financial statements of Watches of Switzerland Group PLC are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.