

Registered number: 05074694

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 53 WEEK PERIOD ENDED 2 MAY 2021**

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**WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**COMPANY INFORMATION**

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

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**WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**CONTENTS**

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	<b>Page</b>
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 5</b>
<b>Independent Auditor's Report</b>	<b>6 - 9</b>
<b>Statement of Comprehensive Income</b>	<b>10</b>
<b>Balance Sheet</b>	<b>11</b>
<b>Statement of Changes in Equity</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13 - 20</b>

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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### **STRATEGIC REPORT FOR THE PERIOD ENDED 2 MAY 2021**

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The directors present their strategic report on the company for the 53 week period ended 2 May 2021.

#### **Review of the business and future developments**

Watches of Switzerland Operations Limited (the 'Company') is a subsidiary of the Watches of Switzerland Group PLC and together with the other subsidiaries forms the Watches of Switzerland Group (the 'Group').

The Company is a non-trading holding company and there has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change throughout the next financial period.

The results for the Company for the 53 week period ended 2 May 2021 show a profit after taxation of £95,738,561 (2020: loss after tax for the 52 weeks ended 26 April of £18,917,234).

As at 2 May 2021, the Company had net assets of £199,559,433 (2020: £53,820,872).

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 Coronavirus Large Business Interruption Loan Scheme ('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 Watches of Switzerland Group PLC (the 'Group') 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.

#### **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 non-trading 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 in place, 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 directors of the Watches of Switzerland Group PLC in relation to both the Watches of Switzerland Group PLC, its subsidiaries 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 74-83 of the Watches of Switzerland Group's Annual Report and Accounts 2021, which does not form part of this report.

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2021**

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#### **Environmental Sustainability**

The 2018 Regulations amend the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, in particular adding a Part 7A to Schedule 7 and bringing in additional requirements for Companies to disclose their annual use, greenhouse gas emissions, and related information. An option is available to take an exemption against such disclosures when an entity does not meet the required energy usage levels of 40mWh per annum. The Company do not meet this threshold and therefore have not made any disclosures in respect of environmental sustainability

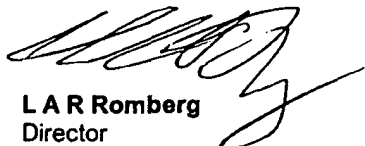
#### **The interest of the Company's employees**

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 non-trading 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

4 October 2021

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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### **DIRECTORS' REPORT FOR THE 53 PERIOD ENDED 2 MAY 2021**

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The Directors present their report and the financial statements for the 53 week period ended 2 May 2021.

#### **Principal activity**

The Company acts as an intermediate holding company within the Watches of Switzerland Group.

#### **Financial results**

The results for the Company for the 53 week period ended 2 May 2021 show a profit after taxation of £95,738,561 (2020: loss after tax for the 52 weeks ended 26 April of £18,917,234).

#### **Dividends**

No dividends have been proposed or paid for the current period (2020: £nil).

#### **Director**

The Directors who served during the period were:

H B Duffy  
L A R Romberg  
C Bolton

#### **Going concern**

At 2 May 2021 the Company had net current assets of £2,126,253 (2020: £143,612,308 of net current liabilities). Excluding amounts owed to and from Group undertakings, the Company had £nil current assets and liabilities (2020: current liabilities £nil).

The company operates its activities in conjunction with other companies within 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 to 31 October 2022 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 2021 (the 'Annual Report and Accounts'). 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.

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 2021, which are publicly available from the Group's website [www.thewosgroupplc.com](http://www.thewosgroupplc.com).

On 14 May 2020, the Group entered into a new £45,000,000 facility agreement as part of the UK Government 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.

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2021**

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#### **Going concern (continued)**

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 to 31 October 2022 from the date of approval of these financial statements.

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.

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2021**

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#### **Directors' responsibilities statement**

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.

#### **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.



**L A R Romberg**  
Director

4 October 2021



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

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## **Opinion**

We have audited the financial statements of Watches of Switzerland Operations Limited for the 53 week period ended 2 May 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, 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 2 May 2021 and of its profit for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 October 2022 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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

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**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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

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**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements and those that relate to the reporting framework (FRS 102 and the Companies Act 2006).
- We understood how Watches of Switzerland Operations Limited is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We considered the programmes and controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how Senior Management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the Financial Statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; reviewing internal audit reports; making enquiries of legal counsel, management, internal audit; and inspecting journal entries for evidence of non-compliance.

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.

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

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**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.

*Ernst & Young LLP*

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

5 October 2021

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**WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 2 MAY 2021**

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	Note	2021 £	2020 £
Income from shares in group undertakings	7	110,398,497	-
Amounts written off investments		-	(67,603)
Interest payable and similar charges	8	(14,659,936)	(18,849,631)
<b>Profit/(loss) before tax</b>		<b>95,738,561</b>	<b>(18,917,234)</b>
Tax on profit/(loss)	9	-	-
<b>Profit/(loss) for the financial period</b>		<b>95,738,561</b>	<b>(18,917,234)</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>95,738,561</b>	<b>(18,917,234)</b>

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

# WATCHES OF SWITZERLAND OPERATIONS LIMITED

## BALANCE SHEET AS AT 2 MAY 2021

		2021	2020
	Note	£	£
<b>Fixed assets</b>			
Investments	11	197,433,180	197,433,180
		<b>197,433,180</b>	<b>197,433,180</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	2,126,253	48,744,811
		<b>2,126,253</b>	<b>48,744,811</b>
Creditors: amounts falling due within one year	13	-	(192,357,119)
<b>Net current assets/(liabilities)</b>		<b>2,126,253</b>	<b>(143,612,308)</b>
<b>Total assets less current liabilities</b>		<b>199,559,433</b>	<b>53,820,872</b>
<b>Net assets</b>		<b>199,559,433</b>	<b>53,820,872</b>
<b>Capital and reserves</b>			
Called up share capital	14	22	22
Capital contribution reserve	14	50,000,000	-
Profit and loss account	14	149,559,411	53,820,850
		<b>199,559,433</b>	<b>53,820,872</b>

The notes on pages 13 to 20 form part of these financial statements.

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



**L A R Romberg**  
Director

4 October 2021

Registered number: 05074694

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**WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 2 MAY 2021**

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	Called up share capital £	Capital contribution reserve	Profit and loss account £	Total equity £
<b>At 28 April 2019</b>	<b>22</b>	<b>-</b>	<b>72,738,084</b>	<b>72,738,106</b>
<b>Total comprehensive expense for the period</b>				
Loss for the period	-	-	(18,917,234)	(18,917,234)
<b>At 27 April 2020</b>	<b>22</b>	<b>-</b>	<b>53,820,850</b>	<b>53,820,872</b>
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	95,738,561	95,738,561
Capital contribution	-	50,000,000	-	50,000,000
<b>At 2 May 2021</b>	<b>22</b>	<b>50,000,000</b>	<b>149,559,411</b>	<b>199,559,433</b>

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## **WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 MAY 2021**

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#### **1. General information**

Watches of Switzerland Operations Limited 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.

#### **2. Statement of compliance**

The financial statements of Watches of Switzerland Operations Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

#### **3. Accounting policies**

##### **3.1 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 Company's functional and presentational currency is GBP.

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 2 May 2021 for the current period and 26 April 2020 for the prior period.



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## WATCHES OF SWITZERLAND OPERATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 MAY 2021

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#### 3. Accounting policies (continued)

##### 3.1 Basis of preparation of financial statements (continued)

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.

##### 3.2 Going concern

At 2 May 2021 the Company had net current assets of £2,126,253 (2020: £143,612,308 of net current liabilities). Excluding amounts owed to and from Group undertakings, the Company had £nil current assets and liabilities (2020: £nil).

The company operates its activities in conjunction with other companies within 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 to 31 October 2022 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 Annual Report and Accounts. 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.

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 did 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, which are publicly available from the Group's website [www.thewosgroupplc.com](http://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.

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## WATCHES OF SWITZERLAND OPERATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 MAY 2021

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#### 3. Accounting policies (continued)

##### 3.3 Going concern (continued)

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 to 31 October 2022 from the date of approval of these financial statements.

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.

##### 3.4 Investments

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

##### 3.5 Impairment

Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### 3.6 Taxation

Taxation comprised of current and deferred tax, is charged or credited to the Income Statement unless it relates to items recognized in other comprehensive income or directly to equity. In such cases, the related tax is also recognized in other comprehensive income.

Current tax liabilities are measured at the amount expected to be paid, based on tax laws rates and laws that are enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

##### 3.7 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.

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## WATCHES OF SWITZERLAND OPERATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 MAY 2021

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#### 4 Critical accounting estimates and judgements

##### 4.1 Critical accounting judgements

There are no critical accounting judgements in these financial statements.

##### 4.2 Critical accounting estimates

There are no critical accounting estimates in these financial statements.

#### 5. Auditor's remuneration

The audit fees of £4,500 (2020: £4,000) 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.

#### 6. Employees

The Company has no employees (2020: nil) other than the Directors, who did not receive any remuneration for their services to the Company (2020: £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.

#### 7. Income from shares in group undertakings

	2021 £	2020 £
Income from shares in group undertakings	110,398,497	-
	<b>110,398,497</b>	<b>-</b>

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**WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2021**

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**8. Interest payable and similar charges**

	2021 £	2020 £
Other loan interest payable	-	6,189
Loans from group undertakings	14,659,936	18,843,442
	14,659,936	18,849,631

**9. Taxation**

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) before tax	95,738,561	(18,917,234)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	18,190,327	(3,594,274)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	12,844
Dividends from UK companies	(20,975,715)	-
Group relief	2,628,733	3,581,430
Transfer pricing	156,655	-
<b>Total tax charge for the period</b>	-	-

The Government announced that the UK rate of corporation tax will increase to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021, subsequent to the period end date. The change will affect the value of the unrecognised deferred tax balances within the UK tax workings, with the tax value of £0.8m increasing to £1.1m.

## WATCHES OF SWITZERLAND OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 MAY 2021

#### 10. Deferred taxation

The amount unprovided for deferred taxation on tax losses at 2 May 2021 was £804,862 (2020: £804,862). The Company did not recognise deferred tax assets in respect of the above on the basis that the future economic benefit is uncertain.

#### 11. Fixed asset investments

	Investments in subsidiaries £
<b>Cost</b>	
At 27 April 2020	197,433,180
At 2 May 2021	197,433,180

#### 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	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Retail jewelers	Ordinary	100%
Goldsmiths Finance Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Non-trading	Ordinary	100%
Aurum Insurance (Guernsey) Limited	Marchant Street, St Peter Port, Guernsey GY1 4JH	Captive insurance	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%
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	100%
WOS Dormant 2 Limited (formally Watch Shop Limited)*	Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT	Dormant	Ordinary	100%
WOS Dormant 1 Limited (formally The Watch Lab Limited)*	Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT	Dormant	Ordinary	100%
Aurum Pension Trustees Limited	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Pension Trustee company	Ordinary	100%
Watches of Switzerland Group USA Inc.	108 West 13th Street, Wilmington, County of New Castle, Delaware DE19801	Holding company	Ordinary	100%
Watches of Switzerland LLC	187 Wolf Road, Suite 101, Albany, New York NY 12205	Retailer	Ordinary	100%

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**WATCHES OF SWITZERLAND OPERATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2021**

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**11. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Watches of Switzerland (Nevada) LLC	3131 Las Vegas Boulevard South, Suite #11, Las Vegas NV 89109	Retailer	Ordinary	100%
Mayor's Jewelers, Inc.	1209 Orange Street, Wilmington, Delaware DE 19801	Retailer	Ordinary	100%
Mayor's Jewelers of Florida, Inc.	1200 South Pire Island Road, Plantation, Florida 33324	Retailer	Ordinary	100%

\*Directly held investment

**12. Debtors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	<b>2,126,253</b>	<b>48,744,811</b>
	<b>2,126,253</b>	<b>48,744,811</b>

Amounts owed by group undertakings take the form of an unsecured loan which was issued on 30 April 2021. The loan note incurs an annual interest charge of 4.5% plus LIBOR with a minimum of 0.5% per annum. The amounts are repayable on demand.

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	<b>-</b>	<b>192,357,119</b>
	<b>-</b>	<b>192,357,119</b>

Amounts owed to group undertakings in the prior year took the form of an unsecured loan which was issued on 18 March 2013. The loan note incurred an annual interest charge of 11.0% per annum with interest payable semi-annually. The amounts were repayable on demand and were repaid during the year.

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## WATCHES OF SWITZERLAND OPERATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 MAY 2021

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#### 14. Share capital and reserves

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
22,353 (2020: 22,353) Ordinary shares of £0.001 each	22	22

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.

On 22 January 2021, the Company received a waiver from its parent company, Jewel UK Bidco Limited, on an amount payable of £50,000,000. This was treated as a capital contribution.

#### 15. Contingent liabilities

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

#### 16. Ultimate parent undertaking and controlling party

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.