

Company Registration No. 09076361 (England and Wales)

**CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED**  
**ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2015**

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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## DIRECTORS AND ADVISERS

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<b>Directors</b>	M B France	(Appointed 9 June 2014)
	P M Ellis	(Appointed 9 June 2014)
	J Bader	(Appointed 26 June 2014)
<b>Company number</b>	09076361	
<b>Registered office</b>	1 Park Street Maidenhead Berkshire SL6 1SL	
<b>Registered auditors</b>	Spencer Gardner Dickins Audit LLP 3 Coventry Innovation Village Cheetah Road Coventry CV1 2TL	

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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 31 MARCH 2015**

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The directors present the strategic report and financial statements for the period ended 31 March 2015.

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

The company was formed to expedite the merger between Christopher Ward London Limited and Synergies Horlogeres SA following the two company's close working relationship over a number of years.

The group is principally based in Maidenhead in England and Biel Bienne in Switzerland.

Following the merger the two companies have continued to work together to further align the objectives of both businesses in order to grow the Christopher Ward brand, develop third party relationships and enhance the production capability of the group.

As part of these strategic objectives the group launched its first in house movement in July 2014 and established a small production facility in Switzerland. Following the initial success of this development, the board have, subsequent to the year end, made commitments to spend £350,000 on tooling and machinery to further refine and develop our production capabilities.

Also subsequent to the year end, our banking facilities have been extended to allow for both the above expenditure and the development of the Christopher Ward brand. The board are conscious of the working capital currently deployed within the group and are taking active steps to reduce the amount involved so as to provide additional cash resources to further grow the business.

The results for the group since the merger are consistent with the board expectations allowing for the marketing of watches incorporating the new movement and the ramp up and establishment of our production capability.

### **Description of principal risks and uncertainties**

The group is exposed to developments in the overall retail market and the watch market in particular, together with any changes there may be to the provision of the components required to produce the watches we produce and sell. These risks are constantly monitored and reviewed by the directors.

With the exception of watches which are sold directly to customers under the Christopher Ward brand, the group also provides and develops watches for a number of third party customers. The group has a close working relationship with its customers and is actively involved in their business development. The amounts owing from these customers are actively managed to ensure amounts due are collected within normal payment terms.

The group regularly reviews its short term finance to ensure it has sufficient available funds for its day to day operations and its long term plans.

The nature of the business is that it is exposed to some degree to currency risk as it principally incurs costs in Sterling, Swiss Francs and Hong Kong Dollars. In addition it sells its products in Sterling, Swiss Francs and US Dollars. This potential currency risk is mitigated by applying sensible currency assumptions to all purchasing decisions, utilising the natural exchange rate hedge which is afforded by operating in different currencies, whether buying or selling, and supplementing this with currency hedging where appropriate.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 MARCH 2015**

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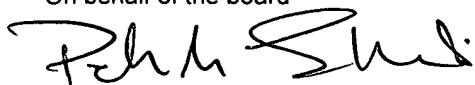
### Analysis based on key performance indicators

As the group was formed towards the end of June 2014, there is no data to provide a meaningful comparison of year on year data.

For the period following the merger the group achieved sales of just over £5.9m and achieved an EBITDA (Earnings before interest, tax, depreciation and amortisation) of £211k which represents a 3.6% margin on sales having allowed for the initial ramp up and establishment of our production facility together with the marketing costs associated with the launch of our new in house movement.

The increase in stocks during the period are largely cyclical.

On behalf of the board



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P M Ellis

Director

11/11/16.....

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2015

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The directors present their report and financial statements for the period ended 31 March 2015.

#### Principal activities

The company was incorporated on 9 June 2014. On 26 June 2014 the company acquired 100% of the issued share capital of Christopher Ward London Limited and Synergies Horlogeres SA.

From this date the principal activity of the company has been that of a holding company for a group of companies engaged in the design, manufacture, supply and retail of watches and associated accessories.

Acquisitions during the period.

On 26 June 2014 the company acquired 100% of the issued share capital of Christopher Ward London Limited and Synergies Horlogeres SA by way of a share for share exchange. The details relating to the merger of these two entities are shown in note 12 to the accounts.

#### Results and dividends

The consolidated profit and loss account for the period is set out on page 9.

#### Directors

The following directors have held office since 9 June 2014:

M B France	(Appointed 9 June 2014)
P M Ellis	(Appointed 9 June 2014)
J Bader	(Appointed 26 June 2014)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

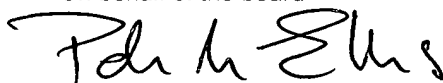
**FOR THE PERIOD ENDED 31 MARCH 2015**

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### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



P M Ellis

Director

11/1/16

# **CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS**

### **TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED**

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We have audited the parent company financial statements of Christopher Ward (London) Holdings Limited for the period set out on pages 9 to 30. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the parent company 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 parent company 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 the 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 group's and the parent 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 parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

### TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

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#### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

#### Other matter

We have reported separately on the group financial statements of Christopher Ward (London) Holdings Limited for the period ended 31 March 2015. The opinion in that report is a disclaimer of opinion.



Paul Dickins FCA (Senior Statutory Auditor)  
for and on behalf of Spencer Gardner Dickins Audit LLP

14/1/16

Chartered Accountants  
Statutory Auditor

3 Coventry Innovation Village  
Cheetah Road  
Coventry  
CV1 2TL

# **CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT ON THE GROUP FINANCIAL STATEMENTS TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED**

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We have audited the group financial statements (the "group financial statements") of Christopher Ward (London) Holdings Limited for the period ended 31 March 2015 set out on pages 9 to 30. 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).

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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 the 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 group's and the parent 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.

### **Basis for disclaimer of opinion on group financial statements**

We were unable to obtain sufficient appropriate audit evidence in order to verify the valuation of stock in a subsidiary company having a carrying value of £2,414,851 at 31 March 2015. Additionally we were unable to obtain sufficient audit evidence from the overseas subsidiary auditors on transaction testing. In order to obtain sufficient appropriate audit evidence we considered it necessary to visit the subsidiary's auditors. A limitation was placed on our work by the directors who would not permit us to undertake this additional work which we considered necessary. As a result of this, due to limitations placed on the scope of our work by the directors of the company we have been unable to obtain sufficient appropriate audit evidence to confirm the validity of the subsidiary's financial statements.

### **Disclaimer of opinion on group financial statements**

Because of the significance of the matter described in the Basis for disclaimer of opinion on group financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a group audit opinion. Accordingly, we do not express an opinion on the group financial statements.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT ON THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### TO THE MEMBERS OF CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

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#### Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the group financial statements, in our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the group financial statements are prepared is consistent with the group financial statements.

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

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- returns adequate for our audit have not been received from branches not visited by us;
- the group financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.



Paul Dickins FCA (Senior Statutory Auditor)  
for and on behalf of Spencer Gardner Dickins Audit LLP

14/1/16

Chartered Accountants  
Statutory Auditor

3 Coventry Innovation Village  
Cheetah Road  
Coventry  
CV1 2TL

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2015

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	Notes	9 Months ended 31 March 2015 £
<b>Turnover</b>	<b>2</b>	
Acquisitions		5,925,347
Cost of sales		(4,080,369)
<b>Gross profit</b>		<u>1,844,978</u>
Administrative expenses		(1,703,651)
<b>Operating profit</b>		
Acquisitions	<b>4</b>	141,327
Amortisation of goodwill	<b>8</b>	(128,998)
Other interest receivable and similar income		3
Interest payable and similar charges	<b>5</b>	(69,863)
<b>Loss on ordinary activities before taxation</b>	<b>4</b>	<u>(57,531)</u>
Tax on (loss)/profit on ordinary activities	<b>6</b>	(10,962)
<b>Loss on ordinary activities after taxation</b>		<u><u>(68,493)</u></u>

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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## STATEMENT OF RECOGNISED GAINS AND LOSSES

*FOR THE PERIOD ENDED 31 MARCH 2015*

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	9 Months ended 31 March 2015 £
Loss for the financial period	(68,493)
Currency translation differences on foreign currency net investments	40,008
Total recognised gains and losses relating to the period	<u>(28,485)</u>

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## BALANCE SHEETS

AS AT 31 MARCH 2015

	Notes	Group 2015 £	Company 2015
<b>Fixed assets</b>			
Goodwill	8	1,590,976	-
Other intangible assets	8	34,959	-
Tangible assets	9	189,967	-
Investments	10	-	2,508,950
		<u>1,815,902</u>	<u>2,508,950</u>
<b>Current assets</b>			
Stocks	12	3,365,688	-
Debtors	13	975,098	-
Cash at bank and in hand		181,569	20
		<u>4,522,355</u>	<u>20</u>
<b>Creditors: amounts falling due within one year</b>	14	(2,811,963)	(37,360)
		<u>1,710,392</u>	<u>(37,340)</u>
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		3,526,294	2,471,610
<b>Creditors: amounts falling due after more than one year</b>	15	(3,272,884)	(2,470,618)
<b>Provisions for liabilities</b>	16	(269,050)	-
		<u>(15,640)</u>	<u>992</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,000	1,000
Other reserves	19	11,845	-
Profit and loss account	19	(28,485)	(8)
<b>Shareholders' funds</b>	20	<u>(15,640)</u>	<u>992</u>

Approved by the Board and authorised for issue on 11/1/16



P M Ellis  
Director

Company Registration No. 09076361

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2015

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		9 Months ended 31 March 2015 £
<b>Net cash outflow from operating activities</b>		(241,717)
<b>Returns on investments and servicing of finance</b>		
Interest received	3	
Interest paid	(69,863)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(69,860)
<b>Taxation</b>		(2,150)
Payments to acquire tangible assets	(113,029)	
Payments to acquire investments	(60,182)	
<b>Net cash outflow for capital expenditure</b>		(173,211)
<b>Net cash outflow before management of liquid resources and financing</b>		(486,938)
<b>Financing</b>		
Other new long term loans	49,957	
Repayment of long term bank loan	(43,473)	
Repayment of other long term loans	(113,535)	
<b>Decrease in debt</b>	(107,051)	
<b>Net cash outflow from financing</b>		(107,051)
<b>Decrease in cash in the period</b>		(593,989)

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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015

<b>1</b>	<b>Reconciliation of operating profit to net cash outflow from operating activities</b>			<b>2015</b>
				<b>£</b>
	Operating profit/(loss)			141,327
	Amortisation of intangible assets			427
	Depreciation of tangible assets			69,106
	<b>EBITDA</b>			<b>210,860</b>
	Increase in stocks			(418,853)
	Decrease in debtors			8,842
	Decrease in creditors within one year			(23,694)
	Net effect of foreign exchange differences			(22,098)
	Effect of foreign exchange differences on:			
	Net debt acquired			18,779
	Increase in current assets			170,534
	Increase in creditors			(144,288)
	Other non-cash item included in operating loss:			
	Movement in provision for unrealised profit on stock			(41,799)
	<b>Net cash outflow from operating activities</b>			<b>(241,717)</b>
<b>2</b>	<b>Analysis of net debt</b>	<b>Acquired on</b>	<b>Cash flow</b>	<b>31 March</b>
		<b>26 June 2014</b>		<b>2015</b>
			<b>£</b>	<b>£</b>
	Net cash:			
	Cash at bank and in hand	274,487	(92,920)	181,567
	Bank overdrafts	(924,097)	(501,069)	(1,425,166)
		<u>(649,610)</u>	<u>(593,989)</u>	<u>(1,243,599)</u>
	Debts falling due within one year	(3,185,713)	63,578	(3,122,135)
	Debts falling due after one year	(328,687)	57,938	(270,749)
		<u>(3,514,400)</u>	<u>121,516</u>	<u>(3,392,884)</u>
	<b>Net debt</b>	<b>(4,164,010)</b>	<b>(472,473)</b>	<b>(4,636,483)</b>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net debt</b>			<b>2015</b>
				<b>£</b>
	Decrease in cash in the period			(593,989)
	Cash outflow from decrease in debt			121,516
	<b>Movement in net debt in the period</b>			<b>(472,473)</b>
	Net debt acquired on 26 June 2014			(4,164,010)
	<b>Closing net debt</b>			<b>(4,636,483)</b>



# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

*FOR THE PERIOD ENDED 31 MARCH 2015*

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### **4 Major non-cash transactions**

On 26 June 2014 the company acquired 100% of the issued share capital of Christopher Ward London Limited and Synergies Horlogeres SA. Both transactions were completed as a share for share exchange and as such no cash consideration was involved.

The company incurred acquisition costs of £54,397 and stamp duty of £5,785 on the purchase of shares in Christopher Ward London Limited and Synergies Horlogeres SA which are the only costs of investment which were cash transactions.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis as the directors are willing to continue supporting the company with working capital as and when required for the foreseeable future.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.5 Goodwill

Positive goodwill on consolidation is written off in equal annual instalments over its estimated useful economic life of 10 years.

Negative goodwill of £796,713 arose on the acquisition of Synergies Horlogeres SA on 26 June 2014, the reason for this is not as a result of the balance sheet having been overvalued. As such the directors consider that writing back the negative goodwill to the profit and loss account in the first period is necessary in order to present a true and fair view.

Positive goodwill of £2,516,687 arose on the acquisition of Christopher Ward London Limited on 26 June 2014. At 31 March 2015 the directors carried out an impairment review on the carrying value of the goodwill and considered that a provision of £796,713 was necessary in order to reduce the carrying value to £1,719,974 before calculating the amortisation charge for the period which the directors believe is a fair valuation of the goodwill acquired with the business.

#### 1.6 Patents, trademarks and other capitalised costs

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

Trademarks are valued at cost.

Costs associated with the incorporation of CW Watches Inc have been capitalised and are held at cost.

#### 1.7 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2015

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### 1 Accounting policies (Continued)

#### 1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	Over the remaining term of the lease
Computer equipment	33% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% straight line

#### 1.9 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.10 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.11 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### 1.12 Pensions

Certain companies within the group operate a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

#### 1.13 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.14 Foreign currency translation

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

Assets and liabilities of foreign subsidiaries denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies reported in the profit and loss account are translated at the average exchange rates for the period. All differences are taken to the statement of recognised gains and losses.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

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### 2 Turnover

The total turnover of the group for the period has been derived from its principal activity.

#### Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2015 £
<b>Geographical segment</b>	
UK	2,851,244
Europe	1,846,487
USA	780,432
Rest of World	447,184
	<hr/> 5,925,347 <hr/>

### 3 Cost of sales and net operating expenses

The total figures for continuing operations in 2015 include the following amounts relating to acquisitions :  
cost of sales £3,996,402 and administrative expenses £2,028,727.

### 4 Operating profit

	2015 £
Operating profit is stated after charging:	
Amortisation of intangible assets	427
Depreciation of tangible assets	69,106
Operating lease rentals	66,110
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	4,500
Fees payable to the Company's auditor for other services:	
The audit of the Company's subsidiaries	8,500
Tax compliance services	1,040
Tax advisory services	3,050
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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2015

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<b>5</b>	<b>Interest payable</b>	<b>2015</b>
		<b>£</b>
	On bank loans and overdrafts	20,941
	On other loans wholly repayable within five years	48,922
		<u>69,863</u>
<b>6</b>	<b>Taxation</b>	<b>2015</b>
		<b>£</b>
	<b>Foreign corporation tax</b>	
	Foreign corporation tax	6,301
	Foreign corporation tax adjustment for prior years	(6,407)
		<u>(106)</u>
	<b>Total current tax</b>	
		<u>(106)</u>
	 <b>Deferred tax</b>	
	Origination and reversal of timing differences	(8,360)
	Foreign deferred tax	19,428
		<u>10,962</u>
	 <b>Factors affecting the tax charge for the period</b>	
	Loss on ordinary activities before taxation	(57,531)
		<u>(57,531)</u>
	 Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(11,506)
		<u>(11,506)</u>
	Effects of:	
	Non deductible expenses	(18,071)
	Depreciation add back	6,298
	Capital allowances	(4,337)
	Pre acquisition tax losses utilised	(4,977)
	Amortisation of goodwill	25,800
	Losses not utilised	6,687
		<u>11,400</u>
	 <b>Current tax charge for the period</b>	<b>(106)</b>
		<u>(106)</u>

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# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 7 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

	2015 £
Holding company's loss for the financial period	(8)

### 8 Intangible fixed assets Group

	Patents, trademarks and other capitalised costs £	Positive goodwill £	Negative goodwill £	Total £
<b>Cost</b>				
Acquired on 26 June 2014	28,260	-	-	28,260
Exchange differences	840	-	-	840
Additions	11,165	2,516,687	(796,713)	1,731,139
At 31 March 2015	40,265	2,516,687	(796,713)	1,760,239
<b>Amortisation</b>				
Acquired on 26 June 2014	4,716	-	-	4,716
Exchange differences	163	-	-	163
Charge for the period	427	128,998	-	129,425
Impairment review	-	796,713	(796,713)	-
At 31 March 2015	5,306	925,711	(796,713)	134,304
<b>Net book value</b>				
At 31 March 2015	34,959	1,590,976	-	1,625,935

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 9 Tangible fixed assets

Group	Land and buildings leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
Acquired at 26 June 2014	33,831	298,090	267,843	63,342	663,106
Exchange differences	-	2,207	5,683	1,700	9,590
Additions	1,105	33,776	46,241	-	81,122
At 31 March 2015	34,936	334,073	319,767	65,042	753,818
<b>Depreciation</b>					
Acquired at 26 June 2014	10,486	240,618	199,805	38,495	489,404
Exchange differences	-	1,899	1,907	1,535	5,341
Charge for the period	10,351	24,917	25,540	8,298	69,106
At 31 March 2015	20,837	267,434	227,252	48,328	563,851
<b>Net book value</b>					
At 31 March 2015	14,099	66,639	92,515	16,714	189,967

### 10 Fixed asset investments

Company	Shares in group undertakings £
<b>Cost</b>	
At 9 June 2014	-
Additions	2,508,950
At 31 March 2015	2,508,950
<b>Net book value</b>	
At 31 March 2015	2,508,950

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 10 Fixed asset investments

(Continued)

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Christopher Ward London Limited	England and Wales	Ordinary	100.00
Synergies Horlogeres SA	Switzerland	Ordinary	100.00
CW Watches Inc	USA	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	<b>Principal activity</b>
Christopher Ward London Limited	The design and retailing of watches and associated accessories
Synergies Horlogeres SA	The manufacture of watches and associated accessories
CW Watches Inc	The retailing of watches and associated accessories



# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2015

### 11 Acquisitions

On 26 June 2014 Christopher Ward (London) Holdings Limited acquired 100% of the issued share capital of Christopher Ward London Limited and Synergies Horlogeres SA. The total consideration for the acquisition was £61,162 including stamp duty and acquisition costs, total goodwill arising on the transaction was £1,719,974. Consideration comprised £980 in the form of a share for share exchange, £5,785 paid in respect of stamp duty and legal and professional fees amounting to £54,397. The assets and liabilities of both companies at the date of acquisition are as follows:

		Christopher Ward London Limited
	£	£
Tangible fixed assets		130,422
Stock		1,012,650
Debtors		408,616
Cash at bank and in hand		199,106
Creditors falling due within one year		(1,095,462)
Creditors falling due after more than one year		(2,827,763)
		<u>(2,172,431)</u>
Adjustments:		
Provision for unrealised profit in stock	(263,814)	
Deferred tax provision thereon	(52,763)	
		<u>(316,577)</u>
Fair value on acquisition		(2,489,008)
Consideration:		
Issue of new shares	480	
Acquisition costs	27,199	
		<u>27,679</u>
Goodwill arising		<u>2,516,687</u>

In the period from 1 April 2014 to 26 June 2014 Christopher Ward London Limited reported turnover of £1,224,072, operating loss of £74,289 and loss before and after tax of £84,886.

In the period from 27 June 2014 to 31 March 2015 Christopher Ward London Limited reported a loss after tax of £11.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 11 Acquisitions

(Continued)

		Synergies Horlogeres SA
	£	£
Tangible fixed assets		137,734
Stock		2,156,200
Debtors		672,373
Cash at bank and in hand		75,381
Creditors falling due within one year		(1,310,976)
Creditors falling due after more than one year		(640,638)
Provisions for liabilities		(198,744)
Legal reserves		(11,712)
Foreign exchange differences on translation from CHF		25,328
		<u>904,946</u>
Adjustment:		
Fair value adjustment to tangible fixed assets to bring accounting policies into line		(74,750)
		<u>830,196</u>
Fair value on acquisition		
Consideration:		
Issue of new shares	500	
Stamp duty	5,785	
Acquisition costs	27,198	
	<u>33,483</u>	
Negative goodwill arising		(796,713)

In the period from 1 January 2014 to 26 June 2014 Synergies Horlogeres reported turnover of £1,552,101, operating profit of £35,594, profit before tax of £13,624 and after tax of £10,036.

In the period from 27 June 2014 to 31 March 2015 Synergies Horlogeres SA reported a profit after tax of £62,033.

### 12 Stocks

	Group 2015 £	Company 2015 £
Finished goods and goods for resale	<u>3,365,688</u>	<u>-</u>

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 13 Debtors

	Group 2015 £	Company 2015 £
Trade debtors	556,651	-
Other debtors	102,767	-
Prepayments and accrued income	315,680	-
	<u>975,098</u>	<u>-</u>

### 14 Creditors : amounts falling due within one year

	Group 2015 £	Company 2015 £
Bank loans and overdrafts	1,485,166	-
Trade creditors	1,086,360	-
Amounts owed to group undertakings	-	37,360
Taxes and social security costs	26,278	-
Other creditors	24,460	-
Accruals and deferred income	189,699	-
	<u>2,811,963</u>	<u>37,360</u>

Bank loans of £996,769 are secured.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 15 Creditors : amounts falling due after more than one year

	Group 2015 £	Company 2015 £
Bank loans	126,137	-
Shareholder loans	3,146,747	2,470,618
	<u>3,272,884</u>	<u>2,470,618</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	4,688,765	2,470,618
Included in current liabilities	(1,415,881)	-
	<u>3,272,884</u>	<u>2,470,618</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	144,612	-
In more than two years but not more than five years	66,137	-
In more than five years	3,062,135	2,470,618
	<u>3,272,884</u>	<u>2,470,618</u>

The bank loan is secured.

### 16 Provisions for liabilities Group

	Deferred taxation £
Acquired on 26 June 2014	257,982
Profit and loss account	11,068
	<u>269,050</u>
Balance at 31 March 2015	<u>269,050</u>

The deferred tax liability is made up as follows:

	Group 2015 £	Company 2015 £
Accelerated capital allowances	232,708	-
Other timing differences	44,403	-
Tax losses available	(8,061)	-
	<u>269,050</u>	<u>-</u>

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

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### 17 Pension and other post-retirement benefit commitments

#### Defined contribution

	2015 £
Contributions payable by the group for the period	37,726

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### 18 Share capital

	2015 £
<b>Allotted, called up and fully paid</b>	
50 A shares of £1 each	50
225 B shares of £1 each	225
225 C shares of £1 each	225
450 D shares of £1 each	450
50 E shares of £1 each	50
	<hr/> 1,000 <hr/>

On incorporation 1 Ordinary share was issued with a nominal value of £1. Consideration was received in full in cash.

On 26 June 2014 the name of the Ordinary class of shares was changed to A shares.

On 26 June 2014 the company completed the following share issues:

1 A share, 9 B shares and 9 C shares with a total nominal value of £19. Consideration was received in full in cash.

48 A shares, 216 B shares and 216 C shares with a total nominal value of £480. Consideration was received in full in the form of shares in the subsidiary company Christopher Ward London Limited.

450 D shares and 50 E shares with a total nominal value of £500. Consideration was received in full in the form of shares in the subsidiary company Synergies Horlogeres SA.

All classes of shares have equal rights with regards to voting, dividends and any other distributions and winding up.

Majority holders of the B, C and D shares each have the right to appoint a director and the right to remove that director from office at any time.

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

### 19 Statement of movements on reserves Group

	Other reserves (see below) £	Profit and loss account £
Acquired on 26 June 2014	11,712	-
Loss for the period	-	(68,493)
Foreign currency translation differences	-	40,008
Movement during the year	133	-
	<u>11,845</u>	<u>(28,485)</u>
Balance at 31 March 2015	<u>11,845</u>	<u>(28,485)</u>

#### Other reserves

##### Legal reserve

Acquired on 26 June 2014	11,712
Legal reserve movement	133
	<u>11,845</u>
Balance at 31 March 2015	<u>11,845</u>

The legal reserve is held by Synergies Horlogeres SA and relates to the mandatory retainment of part of the firm's earnings. This reserve is not available for distribution.

#### Company

	Profit and loss account £
Loss for the year	(8)
	<u>(8)</u>

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

<b>20</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2015</b>
	<b>Group</b>	<b>£</b>
	Loss for the financial period	(68,493)
	Other recognised gains and losses	40,008
	Proceeds from issue of shares	1,000
	Movement in legal reserve	133
		<u>          </u>
	Net depletion in shareholders' funds	(27,352)
	Opening shareholders' funds	-
		<u>          </u>
	Closing shareholders' funds	<u><u>(15,640)</u></u>

		<b>2015</b>
	<b>Company</b>	<b>£</b>
	Loss for the financial year	(8)
	Proceeds from issue of shares	1,000
		<u>          </u>
	Net addition to shareholders' funds	992
	Opening shareholders' funds	-
		<u>          </u>
	Closing shareholders' funds	<u><u>992</u></u>

## 21 Financial commitments

At 31 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	<b>Other</b>
	<b>2015</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	14,680	6,506
Between two and five years	47,220	22,960
	<u>          </u>	<u>          </u>
	<u><u>61,900</u></u>	<u><u>29,466</u></u>

<b>22</b>	<b>Directors' remuneration</b>	<b>2015</b>
		<b>£</b>
	Remuneration	84,000
		<u><u>          </u></u>

# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2015

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### 23 Employees

#### Number of employees

The average monthly number of employees (including directors) during the period was:

	2015 Number
Office and production staff	26
Production staff	3
	<hr/>
	29
	<hr/>

#### Employment costs

	2015 £
Wages and salaries	857,268
Social security costs	58,297
Other pension costs	37,726
	<hr/>
	953,291
	<hr/>

### 24 Post Balance Sheet Events

The Board have, subsequent to the year end, made commitments to spend £350,000 on tooling and machinery to further refine and develop our production capabilities. Our banking facilities have been extended in order to allow for both the above expenditure and the development of the Christopher Ward brand. The extension has led to a £125,000 increase in the bank loan.



# CHRISTOPHER WARD (LONDON) HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2015

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#### 25 Related party relationships and transactions

##### Group

Name of related party: P M Ellis

Description of relationship: Director and shareholder

Description of transaction: Director's loan account carrying no fixed repayment terms

Amount due to related party: £1,153,493

Name of related party: M B France

Description of relationship: Director and shareholder

Description of transaction: Director's loan account carrying no fixed repayment terms

Amount due to related party: £1,147,093

Name of related party: P M Ellis and M B France

Description of transaction: Interest had accrued on the directors' loan balances

Amount due to related parties: £85,016 each

Name of related party: P M Ellis and M B France

Description of transaction: Provision of personal guarantees over a bank loan facility limited to a total amount of £600,000 each

Name of related party: J Bader

Description of relationship: Director and shareholder

Description of transaction: Director's loan account on which interest amounting to £15,862 was paid, carrying no fixed repayment terms

Amount due to related party: £591,517

Name of related party: J Bader

Description of transaction: During the period J Bader purchased a painting from the group at market value of £13,342

Amount due from related party: £15,093

Name of related party: J Bader

Description of transaction: During the period J Bader leased a property to Synergies Horlogeres SA and received rent of £42,000

Name of related party: J Bader

Description of transaction: Provision of a personal guarantee over a bank loan facility limited to a total amount of £140,000

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is the parent company of the group to which it is a party to the transactions and the subsidiaries are wholly owned by the company.