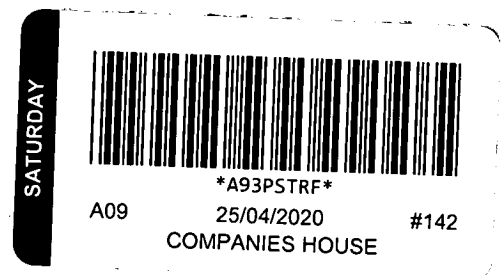


**Inter City Watch Company Limited**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
for the year ended  
31 December 2019



# Inter City Watch Company Limited

## OFFICERS AND ADVISERS

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### DIRECTORS

M Master  
N Chainani

### COMPANY SECRETARY

N Chainani

### REGISTERED OFFICE

New Carvel Building  
Warstock Road  
Kings Heath  
Birmingham  
B14 4RT

### BANKERS

HSBC  
120 Edmund Street  
Birmingham  
B3 2QZ

### SOLICITORS

HBJ Gateley Wareing  
111 Edmund Street  
Birmingham  
B3 2HJ

### INDEPENDENT AUDITOR

Cooper Parry Group Limited  
Chartered Accountants and Statutory Auditor  
One Central Boulevard  
Blythe Valley Business Park  
Solihull  
B90 8BG

# Inter City Watch Company Limited

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# Inter City Watch Company Limited

## STRATEGIC REPORT

for the year ended 31 December 2019

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The directors submit their Strategic report for the year ended 31 December 2019.

### RESULTS

The company's loss for the financial year, after taxation, was £294,191 (2018: loss of £1,808,575)

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the company show an operating loss of £77,575 (2018: loss of £1,550,058). The company's turnover was £14,150,356 for the year. (2018: £16,081,200).

The gross margin for the period at 31.9% has increased on the prior period December 2018 (26.8%).

The company's overriding objectives are to grow the business through new brand offering both for the Export and UK markets and by attracting new customers through these new brands and the existing product range.

### KEY PERFORMANCE INDICATORS

The company's key performance indicators consider the following:

- Monthly sales and margins are key performance indicators which are reviewed against budget and prior years.
- Forward orders are also used to monitor performance and are reviewed weekly against historic numbers.
- Working capital, including cash, is also reviewed weekly to ensure that the company's cash objectives are met.

### PRINCIPAL RISKS AND UNCERTAINTIES

The risks faced by the company are reviewed by the directors and appropriate processes are put in place to monitor and mitigate them. As for many companies of this size the business environment continues to be extremely challenging, the market is highly competitive and as a result there is continual pressure on margins. The nature of the company's products means that it is subject to consumer spending patterns and the overall level of disposable income within the economy of the United Kingdom.

The company's main source of goods is from the Far East and accordingly the company is exposed to the potential risk of disruption to its supply chain due to delays in goods arriving in the United Kingdom. The company seeks to minimise these risks by effective supplier selection and by working closely with its suppliers in the Far East, without over reliance on one supplier.

As the company is involved in the importing of goods it is transacting in foreign currencies, notably the US dollar. Consequently, the company is subject to the risk of exchange rate movements.

# Inter City Watch Company Limited

## STRATEGIC REPORT (continued)

### for the year ended 31 December 2019

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#### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The company's performance is dependent upon the quality of its staff and in particular the senior management. The resignation of key individuals and the possibility of not being able to recruit people with the necessary skills to replace them could adversely impact the results of the company. To mitigate this issue the company has had, for a number of years, schemes linked to the company's results that are designed to retain key individuals. The risks and uncertainties surrounding the outbreak of COVID-19 (more commonly known as Coronavirus) have been discussed in the post balance sheet events paragraph below.

#### FINANCIAL RISK MANAGEMENT

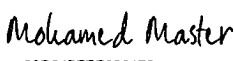
The company is subject to liquidity and interest rate risk on its financing arrangements. These risks have been managed by regular review and monitoring of existing finance arrangements.

#### POST BALANCE SHEET EVENTS

Since the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. The directors are naturally concerned about the impact this will have on the employees, suppliers and customers of the company and are constantly monitoring what this impact might be. The company is well placed in terms of business continuity as we have initiated several actions to enable our employees to continue working safely, such as working from home and using technology to hold virtual meetings rather than face to face meetings.

There is clearly and understandably a lot of uncertainty around the impact of the virus on the global economy, but the directors are confident they will be able to manage the company through the uncertainty. The company is well supported by its ultimate parent company who have reiterated their intention to support the company. Also, our employees are able to work efficiently from home and our we have sales agreements in place and a strong sales pipeline.

On behalf of the Board

DocuSigned by:  
  
M Master  
Director

Date: 16 April 2020

# Inter City Watch Company Limited

## DIRECTORS' REPORT

for the year ended 31 December 2019

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The directors submit their report and audited financial statements of Inter City Watch Company Limited for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

The principal activity of the company is the distribution of watches, clocks, gifts, jewellery, perfume and accessories, and the provision of support services to other group and related companies.

### DIVIDENDS

The directors do not recommend the payment of a dividend. The retained loss for the year of £294,191 (2018: £1,808,575) has been transferred to reserves.

### DIRECTORS

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

M Winter (Resigned 1 November 2019)  
P Law (Resigned 1 November 2019)  
M Master  
N Chainani (Appointed 1 November 2019)


### POST BALANCE SHEET EVENTS

Subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. Based on available information at this stage the directors have assessed what impact this may have on the company. Although there is a high level of uncertainty about the extent and the timeframe of the virus on the global economy, they believe the company is well positioned to handle any downturn that may occur.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

On behalf of the Board

DocuSigned by:  
  
90D847FEE686470...  
M Master  
Director

Date: 16 April 2020

# Inter City Watch Company Limited

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

### for the year ended 31 December 2019

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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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Standards (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in the directors' reports may differ from legislation in other jurisdictions.

# Inter City Watch Company Limited

Independent auditor's report to the members of  
Inter City Watch Company Limited  
for the year ended 31 December 2019

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## **Opinion**

We have audited the financial statements of Inter City Watch Company Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the company statement of changes in equity and notes to the financial statements, 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 state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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**

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

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

## **Emphasis of matter**

We draw attention to the going concern accounting policy on page 14 in the financial statements which describes the directors' assessment of the global Covid -19 pandemic on the business. Our opinion is not modified in respect of this matter.

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine



# Inter City Watch Company Limited

Independent auditor's report to the members of  
Inter City Watch Company Limited  
for the year ended 31 December 2019

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whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In 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 the 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.


# Inter City Watch Company Limited

Independent auditor's report to the members of  
Inter City Watch Company Limited  
for the year ended 31 December 2019

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## Use of the audit 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.



Paul Rowley BA ACA (Senior Statutory Auditor)  
for and on behalf of Cooper Parry Group Limited  
Chartered Accountants and Statutory Auditor  
One Central Boulevard  
Blythe Valley Business Park  
Solihull  
B90 8BG

Date: 16 April 2020

**Inter City Watch Company Limited**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
TURNOVER	1	14,150,356	16,081,200
OPERATING PROFIT / (LOSS) BEFORE AMORTISATION AND DEPRECIATION		35,087	(1,130,469)
Amortisation and depreciation		(112,662)	(419,589)
OPERATING LOSS	2	(77,575)	(1,550,058)
Interest payable and similar charges	3	(220,594)	(201,033)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(298,169)	(1,751,091)
Tax on loss on ordinary activities	7	3,978	(57,485)
LOSS FOR THE FINANCIAL YEAR		(294,191)	(1,808,575)

The operating loss for the year arises from the company's continuing operations.

The accompanying notes on pages 12-23 form an integral part of this profit and loss account.

# Inter City Watch Company Limited

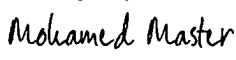
BALANCE SHEET. REGISTERED NO. 02796490

for the year ended 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
<b>FIXED ASSETS</b>					
Tangible assets	8		159,675		250,040
Intangible assets	9		22,995		36,354
			<u>182,670</u>		<u>286,394</u>
<b>CURRENT ASSETS</b>					
Stocks	10	3,907,582		4,102,366	
Debtors	11	3,140,256		4,263,652	
Cash at bank and in hand		818,690		144,007	
		<u>7,866,528</u>		<u>8,510,025</u>	
CREDITORS: Amounts falling due within one year	12	(9,357,097)		(9,818,174)	
		<u>(9,357,097)</u>		<u>(9,818,174)</u>	
<b>NET CURRENT LIABILITIES</b>			(1,490,569)		(1,308,149)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(1,307,899)</u>		<u>(1,021,755)</u>
CREDITORS: Amounts falling due after more than one year	13		(2,263,151)		(2,255,104)
<b>NET LIABILITIES</b>			<u>(3,571,050)</u>		<u>(3,276,859)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		100,000		100,000
Profit and loss account			(3,671,050)		(3,376,859)
			<u>(3,571,050)</u>		<u>(3,276,859)</u>

The accompanying notes on pages 12-23 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

DocuSigned by:  
  
 90DB47FEE686470...  
 M Master  
 Director

Date: 16 April 2020

**Inter City Watch Company Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2019**

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	Called up Share capital £	Profit and Loss account £	Total Shareholders' funds £
Balance as at 1 January 2018	100,000	(1,568,284)	(1,468,284)
Loss for the financial period and total comprehensive expense for the year	-	(1,808,575)	(1,808,575)
	<hr/>	<hr/>	<hr/>
Balance as at 1 January 2019	100,000	(3,376,859)	(3,276,859)
Loss for the financial year and total comprehensive expense for the year	-	(294,191)	(294,191)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2019	100,000	(3,671,050)	(3,571,050)
	<hr/>	<hr/>	<hr/>

# Inter City Watch Company Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2019

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### GENERAL INFORMATION

The company is a wholly owned subsidiary of ILG of Switzerland and is incorporated in England and Wales. The address of its registered office is New Carvel Building, Warstock Road, Kings Heath, Birmingham B14 4RT. The financial statements are for the period of 52 weeks ended 31 December 2019 (2018: 52 weeks ended 31 December 2018).

### STATEMENT OF COMPLIANCE

The financial statements of Inter City Watch Company Limited have been prepared in compliance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS102') and the Companies Act 2006.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A.

This information is included in the consolidated financial statements of ILG of Switzerland as at 31 December 2019 and these financial statements may be obtained from their registered office.

#### Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover is principally in respect of sales of watches, gifts and accessories. Turnover is recognised when the significant risks and rewards of ownership has passed to the customer, which is considered as the point of delivery.

#### Tangible Fixed Assets

Tangible fixed assets are stated at cost net of accumulated depreciation, and any provision for impairment. Cost includes the original purchase price and all costs necessary to bring the asset to working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost of each asset to its estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	- Over the shorter of the lease term and 15 years straight line
Fixtures and fittings	- 10% straight line
Computer equipment	- 10% to 25% straight line

# Inter City Watch Company Limited

## ACCOUNTING POLICIES

### for the year ended 31 December 2019

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#### Intangible Assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is calculated, using the straight-line method to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows;

- Computer Software - 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

At each balance sheet date, the directors review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method, costs includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

Stock is assessed for impairment. If stock is impaired, a provision to recognise this charge through the Profit and Loss account is booked.

#### Leased Assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains a lease based on the substance of the arrangement.

Operating Leased assets – Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Profit and Loss account on a straight line basis over the period of the lease.

#### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted

Current tax is the amount of income tax payable in respect of the taxable profit for the period. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### Foreign Currency

The company's functional and presentation currency is the pound sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and Loss account.

# Inter City Watch Company Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2019

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### Defined Contribution Pension Plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet.

The assets of the plan are held separately from the company in independently administered funds.

### Provisions for liabilities

Provisions are made when an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the balance sheet.

### Going Concern

The company meets its day to day working capital requirements through its bank facilities. The company forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The net liabilities relate to amounts owed to group undertakings who have confirmed that the repayment will not be sought within twelve months from the date of signing the accounts.

Since the year end there has been a global Coronavirus pandemic which is having a significant economic impact globally. At the time of signing these financial statements, it is relatively early days regarding an assessment of the impact of the virus on the global economy, but it is clear there will be a significant level of uncertainty in all markets around the world for a sustained period of time. However, the directors believe the company is well placed to trade through the uncertain times caused by the Coronavirus pandemic due to the support from the company's ultimate parent company, who have reiterated their intention to support the company.

On this basis the directors are confident that the company has adequate resources to continue in operation and, accordingly, have adopted the going concern basis in preparing the financial statements.

### Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and Loss account.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.



# Inter City Watch Company Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2019

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### Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

#### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 8 for the carrying amount of the property, plant and equipment.

#### Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing of debtors and historical experience. See Note 11 for the net carrying amount of the debtors and associated impairment provision.

#### Provision for obsolete or slow moving stock

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

# Inter City Watch Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2019

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#### 1 TURNOVER

An analysis of turnover by geographical location is as follows:

	2019 £	2018 £
United Kingdom	10,456,164	12,905,167
Rest of Europe	3,245,775	2,905,913
Far East	244,620	218,049
Rest of the World	203,797	52,071
	<u>14,150,356</u>	<u>16,081,200</u>

The turnover and loss on ordinary activities before taxation are attributable to the principal activity of the company. All Turnover originates from the United Kingdom.

#### 2 OPERATING LOSS

	2019 £	2018 £
Turnover	14,150,356	16,081,200
Cost of sales	(9,633,231)	(11,772,732)
	<u>4,517,125</u>	<u>4,308,468</u>
Gross profit		
Distribution and administrative expenses	(4,594,700)	(5,858,526)
	<u>(77,575)</u>	<u>(1,550,058)</u>
Operating loss		

#### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
Interest payable on bank borrowing	45,218	50,611
Other interest payable	-	2,516
Interest to ultimate parent undertaking	175,376	147,906
	<u>220,594</u>	<u>201,033</u>

**Inter City Watch Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2019**

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4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2019 £	2018 £
	Loss on ordinary activities before taxation is stated after (crediting)/charging:		
	Depreciation of tangible fixed assets:		
	- owned by the company	99,303	402,031
	Amortisation of intangible fixed assets	13,359	16,252
	Operating lease rentals:		
	- Other	91,733	139,460
	- Land and buildings	330,000	330,000
	Auditors' remuneration		
	- Fees in respect of the statutory audit	24,670	25,000
	Exchange loss/(gain)	83,742	(131,419)
	Impairment of debtors	(47,289)	(12,058)
	Impairment of inventory	247,994	-
		<u>                    </u>	<u>                    </u>

5	STAFF COSTS	2019 £	2018 £
	Staff costs, including directors' remuneration, were as follows:		
	Wages and salaries	2,227,639	2,815,709
	Social security costs	259,111	323,515
	Other pension costs	38,741	26,945
		<u>                    </u>	<u>                    </u>
		2,525,491	3,166,169
		<u>                    </u>	<u>                    </u>

The average monthly number of employees, including the directors, during the year was as follows:

		2019 No.	2018 No.
	Production staff	17	22
	Administrative staff	63	67
		<u>                    </u>	<u>                    </u>
		80	89
		<u>                    </u>	<u>                    </u>

**Inter City Watch Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2019

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6	KEY MANAGEMENT REMUNERATION	2019	2018
		£	£
	Salaries and other short-term benefits	282,628	702,007
		<u>          </u>	<u>          </u>
	Company pension contributions to pension schemes	8,951	21,137
		<u>          </u>	<u>          </u>

Key management remuneration includes three Directors (2018: three) and no key management personnel (2018: one).

During the year, retirement benefits were accruing to three directors (2018: three) in respect of money purchase pension schemes.

The highest paid director received remuneration of £135,494 (2018: £379,684).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £1,188 (2018: £3,077).

7	TAX ON LOSS ON ORDINARY ACTIVITIES	2018	2018
		£	£
	Current tax:		
	UK corporation tax charge / (credit) on loss for the year	-	-
	Adjustments in respect of prior periods	(3,978)	57,485
		<u>          </u>	<u>          </u>
	Total current tax	(3,978)	57,485
	Deferred tax:		
	Origination and reversal of timing differences	-	-
	Effect of tax rate change on opening balance	-	-
	Adjustments in respect of prior periods	-	-
		<u>          </u>	<u>          </u>
	Tax (credit) / charge on loss on ordinary activities	(3,978)	57,485
		<u>          </u>	<u>          </u>
	Factors affecting tax charge for the year:		

# Inter City Watch Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2019

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before taxation	(298,169)	(1,751,091)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(56,652)	(332,707)
Effects of:		
Fixed asset differences	7,856	10,012
Net expenses not deductible for tax purposes	4,392	1,641
Adjustments in respect of prior periods	(3,978)	57,485
Deferred tax not recognised and adjust deferred tax average rate	44,404	321,054
Total tax (credit) / charge for the period	(3,978)	57,485

Factors that may affect the future tax charge

Reductions in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016.

8 TANGIBLE ASSETS	<i>Short leasehold improvements</i> £	<i>Fixtures &amp; fittings, computer equipment</i> £	<i>Display stands</i> £	<i>Total</i> £
Cost:				
At 1 January 2019	1,290,747	3,890,186	1,535,707	6,716,640
Additions	2,832	6,106	-	8,938
Disposals	-	-	-	-
At 31 December 2019	1,293,579	3,896,292	1,535,707	6,725,578
Depreciation:				
At 1 January 2019	1,155,101	3,775,792	1,535,707	6,466,600
Charge for the year	43,594	55,709	-	99,303
Disposals	-	-	-	-
At 31 December 2019	1,198,695	3,831,501	1,535,707	6,565,903
Net book value:				
At 31 December 2019	94,884	64,791	-	159,675
At 31 December 2018	135,646	114,394	-	250,040

**Inter City Watch Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2019

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9	INTANGIBLE ASSETS	<i>Computer Software</i> £	<i>Total</i> £
	Cost:		
	At 1 January 2019	578,424	578,424
	Additions	-	-
		<hr/>	<hr/>
	At 31 December 2019	578,424	578,424
	Amortisation:		
	At 1 January 2019	542,070	542,070
	Charge for the year	13,359	13,359
		<hr/>	<hr/>
	At 31 December 2019	555,429	555,429
	Net book value:		
	At 31 December 2019	22,995	22,995
		<hr/> <hr/>	<hr/> <hr/>
	At 31 December 2018	36,354	36,354
		<hr/> <hr/>	<hr/> <hr/>
10	STOCKS	2019 £	2018 £
	Finished goods and goods for resale	3,907,582	4,102,366
		<hr/> <hr/>	<hr/> <hr/>

Stock is stated after provisions for impairment of £449,453 (2018: £201,509). There is no significant difference between the replacement cost of the stock and its carrying value.

11	DEBTORS	2019 £	2018 £
	Due within one year:		
	Trade Debtors	2,873,234	3,645,659
	Other debtors	3,819	40,337
	Prepayments and accrued income	263,203	424,653
	Corporation tax recoverable	-	153,003
		<hr/>	<hr/>
		3,140,256	4,263,652
		<hr/> <hr/>	<hr/> <hr/>

Trade debtors are stated after provisions of £9,070 (2018: £56,359)

# Inter City Watch Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2019

12	CREDITORS: Amounts falling due within one year	2019	2018
		£	£
	Bank overdrafts	664,138	743,427
	Trade creditors	2,975,157	3,167,352
	Amounts owed to group undertakings	4,159,410	4,284,774
	Other taxation and social security	214,290	317,512
	Other creditors	232,998	115,082
	Accruals and deferred income	1,111,104	1,190,027
		<u>9,357,097</u>	<u>9,818,174</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all of the company's assets and by cross guarantees from other group companies. Amounts owed to Group undertakings are repayable on demand and incur no interest.

13	CREDITORS: Amounts falling due after more than one year	2019	2018
		£	£
	Loan due to ultimate parent company (note 19)	2,263,151	2,255,104
		<u>2,263,151</u>	<u>2,255,104</u>

The loan due to ultimate parent company accrues interest at 3.76% per annum and has no set repayment dates.

14	PROVISIONS FOR LIABILITIES	2019	2018
		£	£
	The movement in the deferred taxation is as follows:		
	At beginning of year	-	-
	Prior year adjustment	-	-
	Origination / reversal	-	-
	At end of year	<u>-</u>	<u>-</u>

The deferred taxation liability comprises the following:

	Provided		Unprovided	
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	-	-	-	-
Trading losses	-	-	498,815	459,084
Other short term timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>498,815</u>	<u>147,677</u>
	<u>-</u>	<u>-</u>	<u>498,815</u>	<u>147,677</u>

# Inter City Watch Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2019

15	<b>CALLED UP SHARE CAPITAL</b>	2019	2018
		£	£
	Allotted, issued and fully paid:		
	90,000 ordinary shares of £1 each	90,000	90,000
	10,000 preferred ordinary shares of £1 each	10,000	10,000
		<u>100,000</u>	<u>100,000</u>
		<u><u>100,000</u></u>	<u><u>100,000</u></u>

No rights are attached to the preferred ordinary shares except repayment at par after ordinary shares.

#### 16 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £35,953 (2018: £26,945). Contributions totalling £6,629 (2018: £Nil) were payable to the fund at the Balance Sheet date.

#### 17 OPERATING LEASES

At 31 December 2019, the company had total commitments for future minimum lease payments under non-cancellable operating leases as follows:

Total amount to be paid	Land and buildings		Other	
	2019	2018	2019	2018
	£	£	£	£
Expiry date:				
Within 1 year	330,000	366,778	82,996	30,017
Between 2 and 5 years	1,320,000	1,329,049	148,853	32,140
After more than 5 years	605,000	-	-	-
	<u>2,255,000</u>	<u>1,695,827</u>	<u>231,849</u>	<u>62,157</u>
	<u><u>2,255,000</u></u>	<u><u>1,695,827</u></u>	<u><u>231,849</u></u>	<u><u>62,157</u></u>

#### 18 TRANSACTIONS WITH DIRECTORS

At 31 December 2019 there were no commitments (£0) with directors (2018: £9,639 owed to a director of the company).



# Inter City Watch Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 19 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS102 section 33 not to disclose transactions with ILG Switzerland and its subsidiaries on the grounds that consolidated financial statements are prepared by the company's parent undertaking, ILG Switzerland.

Included in creditors due within one year at the 2018 year-end was an amount of £1,030,318 due to a company under common ownership and its subsidiary entities, a company in which a director has a minority shareholding. Given that the director resigned as a director of Inter City Watch Company limited on 1<sup>st</sup> November there is no requirement to disclose the balance as at 2019 year end. During the period 1 January 2019 to 1 November 2019 the company purchased goods of £1,433,590 and other purchases of £99,887 (Full Year 2018: £2,065,565) from the company under common ownership and its subsidiary entities.

At the year-end ILG of Switzerland, the ultimate parent company had provided a loan to the company of £2,263,151 (2018: £2,255,104). The loan will not be repaid prior to 31 December 2020, is unsecured and accrued interest at 3.76% per annum. Interest charged for the period ended 31 December 2019 amounted to £91,813 (2018: £28,569).

### 20 DERIVATIVE FINANCIAL INSTRUMENTS

The company previously entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency liabilities. At the balance sheet date the company was party to forward contracts to buy US dollars totalling \$0 (2018: \$3,049,554). The fair value of these contracts at the balance sheet date was a profit of £0 (2018: profit £106,475).

### 21 POST BALANCE SHEET EVENTS

Subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. Based on available information at this stage the directors have assessed what impact this may have on the company. Although there is a high level of uncertainty about the extent and the timeframe of the virus on the global economy, they believe the company is strongly positioned to handle any downturn that may occur.

### 22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent company until 18 December 2019 was Inter City Group Holdings Ltd, however from that date the parent company changed to ILG of Switzerland, a company registered in Switzerland, who prepare consolidated financial statements for the group which represent the largest group of undertakings for which group accounts are drawn up. The consolidated financial statements of ILG of Switzerland can be obtained from:

Industriestrasse 5  
4313 Moehlin  
Switzerland