

REGISTERED NUMBER: 00892154 (England and Wales)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
S. MIFSUD & SONS (UK) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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S. MIFSUD & SONS (UK) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS: Neville Mifsud
Samuel Mifsud
Simon Mifsud
Joseph sive Josef Formosa Gauci

REGISTERED OFFICE: 40/42 Kenway Road
Earls Court
London
SW5 0RA

REGISTERED NUMBER: 00892154 (England and Wales)

AUDITORS: Arithma LLP Statutory Auditor
Chartered Certified Accountants
9 Mansfield Street
London
W1G 9NY

BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	4		1,397,826		1,436,331
Investments	5		<u>355,332</u>		<u>355,332</u>
			1,753,158		1,791,663
CURRENT ASSETS					
Debtors	6	533,638		753,418	
Cash at bank and in hand		<u>11,395</u>		<u>10,334</u>	
		545,033		763,752	
CREDITORS					
Amounts falling due within one year	7	<u>2,843,144</u>		<u>2,984,952</u>	
NET CURRENT LIABILITIES			<u>(2,298,111)</u>		<u>(2,221,200)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(544,953)		(429,537)
PROVISIONS FOR LIABILITIES			<u>168,028</u>		<u>198,087</u>
NET LIABILITIES			<u>(712,981)</u>		<u>(627,624)</u>
CAPITAL AND RESERVES					
Called up share capital			900,000		900,000
Profit & loss reserve - non- distributable	8		1,102,963		1,117,132
Retained earnings	8		<u>(2,715,944)</u>		<u>(2,644,756)</u>
SHAREHOLDERS' FUNDS			<u>(712,981)</u>		<u>(627,624)</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 16 December 2021 and were signed on its behalf by:

Simon Mifsud - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

S. Mifsud & Sons (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

GOING CONCERN

During the year ended 31 December 2020, the company made a loss of £85,357 and had negative shareholders funds of £712,981 as at 31 December 2020. Included in creditors are balances totalling £2,340,417 due to fellow group companies.

The company's operations are reliant on the success of the cruise line industry for its operating activity. COVID-19 had a severe impact on this industry during 2020 and to manoeuvre itself out of the challenges, the company rationalised its costs, took advantage of government incentives and engaged in providing transfers for crew members of cruise liners which helped curtail losses.

In the current period, the company provided groundhandling services to cruise liners conducting "cruises to nowhere" which has proved profitable.

The company has received confirmation of financial support from its penultimate and ultimate parent companies to enable it to continue trading for the foreseeable future being a period not less than 12 months from the date of approval of these financial statements.

Based on the above, the directors believe that there is a reasonable expectation that the company will continue in operational existence for a period of at least twelve months from the date of the approval of these financial statements. Accordingly the accounts are prepared on a going concern basis.

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements contain information about S. Mifsud & Sons (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

RELATED PARTY EXEMPTION

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Judgement and estimate on the carrying value of cost of investment in associate company:

The company has a 50% interest in McCarthy and Mifsud Limited ("Company"). The Company is involved in providing ground handling services in Ireland. The Covid pandemic caused a severe disruption to the Company's activities during its year ended 31 March 2021 which resulted in a loss of €215,288 for that year. With the assistance of government grants, revival of the cruise industry and curtailing costs, the company returned to profitability during 2021. For the period ended 31 October 2021, the company made a small profit of €16,317 and had surplus shareholder funds of €381,031. Historically, the company has been profitable and paid healthy dividends. 2022 looks positive as the company has a potential to service over 300 cruise calls. The directors of S Mifsud & Sons (UK) Limited are of the opinion that the current circumstances are temporary and on this basis they believe the cost of investment should not be impaired as there is no permanent diminution.

TURNOVER

Turnover comprises of invoiced value of ground handling services to cruise companies, all exclusive of value added tax. Turnover is recognised when the service is delivered.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible assets

The company's freehold property was valued at 1 January 2014 by the directors and that value has been adopted as the property's deemed cost in accordance with FRS102 (2018). Other tangible fixed assets are stated at cost or valuation less depreciation.

Annually, the directors review the carrying amount of the company's freehold land and buildings and other assets to determine whether they have suffered an impairment loss.

If the recoverable amount of an asset is determined to be less than its carrying amount, the carrying amount of that asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Buildings - 2% on cost/revaluation
Fixtures and fittings - 15% on cost
Computer equipment - 15% on cost
Motor vehicles - 20% on cost

Freehold land is deemed to have an indefinite life and is therefore not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

GOVERNMENT GRANTS

The company recognises Covid-19 Government grants using the performance model. Under this model a grant that specifies performance conditions is recognised in income when the performance conditions are met. A grant that does not specify performance conditions is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiary and associate undertakings are recognised at cost.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

FOREIGN CURRENCIES

The company's functional currency is sterling (£).

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average monthly rates. Exchange differences are taken into account in arriving at the operating result.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

PROVISIONS

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

CONTINGENCIES

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resource is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 4 (2019 - 5) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST OR VALUATION			
At 1 January 2020 and 31 December 2020	<u>1,600,000</u>	<u>61,944</u>	<u>1,661,944</u>
DEPRECIATION			
At 1 January 2020	201,600	24,013	225,613
Charge for year	<u>28,800</u>	<u>9,705</u>	<u>38,505</u>
At 31 December 2020	<u>230,400</u>	<u>33,718</u>	<u>264,118</u>
NET BOOK VALUE			
At 31 December 2020	<u>1,369,600</u>	<u>28,226</u>	<u>1,397,826</u>
At 31 December 2019	<u>1,398,400</u>	<u>37,931</u>	<u>1,436,331</u>

Included in cost or valuation of land and buildings is freehold land of £ 160,000 (2019 - £ 160,000) which is not depreciated.

Cost or valuation at 31 December 2020 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2013	1,450,686	-	1,450,686
Cost	<u>149,314</u>	<u>61,944</u>	<u>211,258</u>
	<u>1,600,000</u>	<u>61,944</u>	<u>1,661,944</u>

If the freehold land and building had not been revalued it would have been included at the following historical cost:

	2020 £	2019 £
Cost	<u>149,314</u>	<u>149,314</u>
Aggregate depreciation	<u>17,448</u>	<u>17,448</u>
Value of land in freehold land and buildings	<u>3,911</u>	<u>3,911</u>

Freehold land and buildings were valued on an open market basis on 24 June 2013 by Aitchison Raffety .

The directors reviewed the 2013 valuation and elected to use that valuation as the deemed cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in associate £	Totals £
COST			
At 1 January 2020 and 31 December 2020	<u>1</u>	<u>355,331</u>	<u>355,332</u>
NET BOOK VALUE			
At 31 December 2020	<u>1</u>	<u>355,331</u>	<u>355,332</u>
At 31 December 2019	<u>1</u>	<u>355,331</u>	<u>355,332</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	59,678	117,369
Amounts owed by group undertakings	461,037	547,891
Other debtors	<u>12,923</u>	<u>88,158</u>
	<u>533,638</u>	<u>753,418</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	58,121	94,419
Amounts owed to group undertakings	2,340,418	2,424,794
Taxation and social security	2,463	6,999
Other creditors	<u>442,142</u>	<u>458,740</u>
	<u>2,843,144</u>	<u>2,984,952</u>

8. RESERVES

	Retained earnings £	Profit & loss reserve - non- distributable £	Totals £
At 1 January 2020	(2,644,756)	1,117,132	(1,527,624)
Deficit for the year	(97,080)	-	(97,080)
Transfer of depreciation on freehold property	25,892	(25,892)	-
Deferred tax on freehold property valuation	-	11,723	11,723
At 31 December 2020	<u>(2,715,944)</u>	<u>1,102,963</u>	<u>(1,612,981)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Upen Shah (Senior Statutory Auditor)
for and on behalf of Arithma LLP Statutory Auditor

10. RELATED PARTY DISCLOSURES

During the year the company made sales of £Nil (2019 - £7,700) and made purchases of £Nil (2019 - £808) from Orange Travel Group Ltd and its subsidiaries. 50% of the shares in Orange Travel Group Limited are owned by fellow group company, SMS Group Limited. At the balance sheet date, Orange Travel Group Ltd and its subsidiaries owed £Nil (2019 - £56,467) to the company.

At the balance sheet date, N C Mifsud, a director of the company, was owed £220,468 (2019 - £225,468) by the company. The loan is interest free.

At the balance sheet date, Fortuna Investments Ltd, a company controlled by N C Mifsud, was owed £200,000 (2018 - £200,000) by the company. The loan is interest free.

During the year, the company received fees totalling £10,759 (2019 - £129,254) from McCarthy & Mifsud Limited. The company owns 50% of the share capital of that company.

11. ULTIMATE CONTROLLING PARTY

The company's ultimate parent company is Nevada Limited with its registered office at 64 Birkirkara Hill, St Julian's STJ 1143 Malta.

SMS Group Limited, an intermediate parent company, heads the smallest group which prepares consolidated financial statements. It's registered office is located at 64 Birkirkara Hill, St Julian's STJ 1143 Malta.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.