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DAMAC BULK HANDLING LIMITED

**UNAUDITED
FINANCIAL STATEMENTS**

31 DECEMBER 2019



ArmstrongWatson®

Accountants, Business & Financial Advisers

DAMAC BULK HANDLING LIMITED
REGISTERED NUMBER: 02028013

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible fixed assets	4	1,563,269	1,719,964
		<u>1,563,269</u>	<u>1,719,964</u>
Current assets			
Debtors: amounts falling due within one year	5	198,491	208,067
Cash at bank and in hand	6	4,784	1,006,271
		<u>203,275</u>	<u>1,214,338</u>
Creditors: amounts falling due within one year	7	(1,177,294)	(1,738,002)
Net current liabilities		<u>(974,019)</u>	<u>(523,664)</u>
Total assets less current liabilities		<u>589,250</u>	<u>1,196,300</u>
Creditors: amounts falling due after more than one year	8	(299,405)	(949,469)
Provisions for liabilities			
Deferred tax	11	(152,000)	(134,343)
		<u>(152,000)</u>	<u>(134,343)</u>
Net assets		<u>137,845</u>	<u>112,488</u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		136,845	111,488
		<u>137,845</u>	<u>112,488</u>

DAMAC BULK HANDLING LIMITED
REGISTERED NUMBER: 02028013

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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



C Plaskitt

Director

Date: 14/08/2020

The notes on pages 3 to 10 form part of these financial statements.

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The company is tax resident in the United Kingdom. The Company operates from its registered office of Mariners Street, Goole, East Yorkshire, DN14 5BW.

The principal activity of the Company was that of the operation of silo storage facilities.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company is reliant on both the indicative support of its wider group undertakings and various external creditors on an operational level due to its intercompany creditor owed to Damac Group Limited at the year end.

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic will bring over the coming weeks and months, the directors feel that the company is well placed to negotiate the unique set of conditions currently facing the UK economy – the group to which the company belongs current level of cash is positive and many of the group's customers operate within sectors that are considered critical to the UK.

In reaching their conclusion, the directors have considered their cash flow from a period of 12 months from the date of sign off, the various financial support measures that have been announced by the UK government, and the availability of funding both externally and internally. After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.5 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

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 in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and equipment	- 5 years
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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 Statement of income and retained earnings.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where 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 Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 Dividends

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

3. Employees

The average monthly number of employees, including directors, during the year was 5 (2018 - 5).

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Tangible fixed assets

	Plant and equipment £	Silos £	Total £
Cost or valuation			
At 1 January 2019	660,518	2,237,394	2,897,912
At 31 December 2019	660,518	2,237,394	2,897,912
Depreciation			
At 1 January 2019	614,761	563,187	1,177,948
Charge for the year on owned assets	28,391	7,092	35,483
Charge for the year on financed assets	-	121,212	121,212
At 31 December 2019	643,152	691,491	1,334,643
Net book value			
At 31 December 2019	17,366	1,545,903	1,563,269
At 31 December 2018	45,757	1,674,207	1,719,964

In preparing the financial statements the directors have also considered the likelihood of any post year end impairment to asset values that may have arisen as a result of the COVID-19 pandemic. The directors have concluded that no such impairment has arisen and, accordingly, there has no material diminution in asset values following the year end.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Silos	575,204	686,416
	575,204	686,416

DAMAC BULK HANDLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Debtors

	2019 £	2018 £
Trade debtors	140,336	149,131
Prepayments and accrued income	58,155	58,936
	<u>198,491</u>	<u>208,067</u>

6. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	4,784	1,006,271
Less: bank overdrafts	(137,223)	-
	<u>(132,439)</u>	<u>1,006,271</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	137,223	-
Other loans	-	200,000
Trade creditors	203,265	134,217
Amounts owed to group undertakings	450,005	773,730
Corporation tax	6,000	110,364
Other taxation and social security	11,657	21,222
Obligations under finance lease and hire purchase contracts	200,595	200,531
Other creditors	33,024	274,850
Accruals and deferred income	135,525	23,088
	<u>1,177,294</u>	<u>1,738,002</u>

Other loans, obligations under finance lease and hire purchase contracts and bank overdrafts are secured by the company. Intercompany loan balances were settled in full following the year end.

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	-	450,000
Obligations under finance lease and hire purchase contracts	299,405	499,469
	<u>299,405</u>	<u>949,469</u>

Other loans and obligations under finance lease and hire purchase contracts are secured by the company.

9. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Other loans	-	200,000
	<u>-</u>	<u>200,000</u>
Amounts falling due 1-5 years		
Other loans	-	450,000
	<u>-</u>	<u>450,000</u>
	<u>-</u>	<u>650,000</u>

The above loans were repaid early in full in February 2019.

10. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	200,595	200,531
Between 1-5 years	200,629	200,594
Over 5 years	98,776	298,874
	<u>500,000</u>	<u>699,999</u>

DAMAC BULK HANDLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Deferred taxation

	2019 £	2018 £
At beginning of year	134,343	126,287
Charged to the profit or loss	17,657	8,056
At end of year	152,000	134,343

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	152,000	134,343
	152,000	134,343

12. Post balance sheet events

During March 2020 the global pandemic COVID-19 outbreak has had a significant impact on the worldwide economy. The directors are aware of the effects that this may subsequently have on the company and have reviewed and adopted the relevant operational strategies in order to safeguard the business for the ensuing twelve months.

In preparing the financial statements the directors have considered the impact of the COVID-19 pandemic on certain disclosures and on the measurement of certain account balances. Since the first known cases of COVID-19 and the subsequent lockdown of the UK economy did not arise until after the year end, the directors, in line with relevant guidance, consider the COVID-19 to be a non-adjusting post balance sheet event.

In preparing the financial statements the directors have also considered the likelihood of any post year end impairment to asset values that may have arisen as a result of the COVID-19 pandemic. The directors have concluded that no such impairment has arisen and, accordingly, there has no material diminution in asset values following the year end.

13. Controlling party

The ultimate parent company is Damac Group Limited, which operates from the registered office, Mariners Street, Goole, East Yorkshire, DN14 5BW.

The financial statements of Damac Group Limited are available from Companies House.

DAMAC BULK HANDLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on 14/08/2020 by Matthew Osbourne (Senior statutory auditor) on behalf of Armstrong Watson Audit Limited.