

Company Registration No. 09347816 (England and Wales)

DISCOVERY YACHTS GROUP LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2018
PAGES FOR FILING WITH REGISTRAR



DISCOVERY YACHTS GROUP LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2018**

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|------------------|------------------|----------------|----------------|
| Fixed assets | | | | | |
| Intangible assets | 5 | | 77,792 | | 86,792 |
| Tangible assets | 6 | | 669,335 | | 559,405 |
| Investments | 7 | | 1 | | 1 |
| | | | <u>747,128</u> | | <u>646,198</u> |
| Current assets | | | | | |
| Debtors | 8 | 2,149,603 | | 119,803 | |
| Cash at bank and in hand | | 480,064 | | 538,039 | |
| | | <u>2,629,667</u> | | <u>657,842</u> | |
| Creditors: amounts falling due within one year | 9 | (207,090) | | (262,070) | |
| Net current assets | | | <u>2,422,577</u> | | <u>395,772</u> |
| Total assets less current liabilities | | | 3,169,705 | | 1,041,970 |
| Creditors: amounts falling due after more than one year | 10 | | (1,164,576) | | (667,732) |
| Net assets | | | <u>2,005,129</u> | | <u>374,238</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 957 | | 677 |
| Share premium account | | | 2,864,970 | | 520,621 |
| Profit and loss reserves | | | (860,798) | | (147,060) |
| Total equity | | | <u>2,005,129</u> | | <u>374,238</u> |

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 August 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

DISCOVERY YACHTS GROUP LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 AUGUST 2018

The financial statements were approved by the board of directors and authorised for issue on 23 May 2019 and are signed on its behalf by:



Mr S Langdon

Director

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Company information

Discovery Yachts Group Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 5 Harbour Close, Cracknore Industrial Park, Marchwood, Southampton, Hampshire, SO40 4AF.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period

The accounting period for the prior period was shortened to 31 August 2017. The period to 31 August 2017 was for a period of 8 months so will not be comparable to the current year results.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|-------------------|
| Intellectual property | 10% straight line |
|-----------------------|-------------------|

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|-----------------------------|
| Plant and equipment | 20% & 8 years straight line |
| Fixtures and fittings | 20% straight line |
| Computers | 33% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand.

Financial instruments

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

Financial instruments are recognised 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 debtors, cash and bank balances and amounts due from group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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.

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, loans, amounts due to 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 payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in other creditors.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 6 (2017 - 7).

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

3 Directors' remuneration

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| Remuneration paid to directors | 96,641 | 18,848 |

4 Share-based payment transactions

| | Number of share options | | Weighted average exercise price | |
|---------------------------------|-------------------------|----------------|---------------------------------|-----------|
| | 2018 Number | 2017 Number | 2018 £ | 2017 £ |
| Outstanding at 1 September 2017 | - | - | - | - |
| Granted | 5,333 | - | 12.50 | - |
| Forfeited | (2,000) | - | 12.50 | - |
| Outstanding at 31 August 2018 | 3,333 | - | 12.50 | - |
| Exercisable at 31 August 2018 | - | - | - | - |

No charge has been recognised in the accounts and all options lapsed post year end.

5 Intangible fixed assets

| | Intellectual property £ |
|--|----------------------------|
| Cost | |
| At 1 September 2017 and 31 August 2018 | 90,000 |
| Amortisation and impairment | |
| At 1 September 2017 | 3,208 |
| Amortisation charged for the year | 9,000 |
| At 31 August 2018 | 12,208 |
| Carrying amount | |
| At 31 August 2018 | 77,792 |
| At 31 August 2017 | 86,792 |

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

6 Tangible fixed assets

| | Plant and equipment £ | Fixtures and fittings £ | Computers £ | Total £ |
|------------------------------------|-----------------------------|-------------------------------|----------------|------------|
| Cost | | | | |
| At 1 September 2017 | 559,003 | 25,567 | 1,949 | 586,519 |
| Additions | 184,687 | 599 | 5,619 | 190,905 |
| At 31 August 2018 | 743,690 | 26,166 | 7,568 | 777,424 |
| Depreciation and impairment | | | | |
| At 1 September 2017 | 25,447 | 1,667 | - | 27,114 |
| Depreciation charged in the year | 74,072 | 5,193 | 1,710 | 80,975 |
| At 31 August 2018 | 99,519 | 6,860 | 1,710 | 108,089 |
| Carrying amount | | | | |
| At 31 August 2018 | 644,171 | 19,306 | 5,858 | 669,335 |
| At 31 August 2017 | 533,556 | 23,900 | 1,949 | 559,405 |

7 Fixed asset investments

| | 2018 £ | 2017 £ |
|-------------|-----------|-----------|
| Investments | 1 | 1 |

8 Debtors

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,664 | - |
| Unpaid share capital | 26,488 | 21,298 |
| Amounts owed by group undertakings | 1,928,872 | 3,933 |
| Other debtors | 7,833 | 10,001 |
| Prepayments and accrued income | 184,746 | 84,571 |
| | 2,149,603 | 119,803 |

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Other borrowings | - | 102,244 |
| Trade creditors | 128,823 | 95,796 |
| Amounts due to group undertakings | - | 50,000 |
| Other taxation and social security | 7,696 | 8,120 |
| Other creditors | 3,554 | 2,560 |
| Accruals and deferred income | 67,017 | 3,350 |
| | <u>207,090</u> | <u>262,070</u> |

10 Creditors: amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|-----------------|------------------|----------------|
| Other creditors | <u>1,164,576</u> | <u>667,732</u> |

Other creditors includes a loan of £516,363 (2017 - £507,732) which is secured by a way of a fixed and floating charge.

11 Called up share capital

| | 2018 £ | 2017 £ |
|--|------------|------------|
| Ordinary share capital | | |
| Issued and not fully paid | | |
| Nil (2017 - 67,667) Ordinary shares of 1p each | - | 677 |
| 9,426,111 Ordinary A Shares of 0.0001p each | 942 | - |
| 147,819 Ordinary B Shares of 0.0001p each | 15 | - |
| | <u>957</u> | <u>677</u> |

On 6 December 2017 500 Ordinary shares were issued at par of £0.01.

On 28 February 2018 the company's ordinary shares in issue were redesignated as Ordinary A shares and sub divided to a par value of £0.0001.

On 28 February 2018 2,109,411 Ordinary A shares and 147,819 Ordinary B investments shares were issues for consideration of £0.9833 per share, resulting in a premium of £2,219,399.

On 1 March 2018 500,000 Ordinary A shares were issued for a consideration of £0.25 per share, resulting in a premium of £124,950.

DISCOVERY YACHTS GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

12 Financial commitments, guarantees and contingent liabilities

There is a cross guarantee in place with the group for a loan from a director. The amount outstanding at the year end is £516,363.

13 Events after the reporting date

Subsequent to the year end the directors sort additional funding from existing shareholders in the form of new equity, which raised £1,913,435, with an additional £557,000 also committed.

14 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

| | Purchases | |
|-----------------------|-------------------|-------------------|
| | 2018 | 2017 |
| | £ | £ |
| Other related parties | - | 52,413 |
| | <u> </u> | <u> </u> |

The following amounts were outstanding at the reporting end date:

| | 2018 | 2017 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| Amounts due to related parties | | |
| Other related parties | - | 28,895 |
| | <u> </u> | <u> </u> |

Other related parties are entities in which the directors have an interest.

15 Directors' transactions

During the year two directors loaned the company a total of £1,016,393, at the year end this amount was outstanding. Part of this loan is secured by a fixed and floating charge.

During the year a director was paid consultancy fees of £2,083.