

Company Number: 03089644

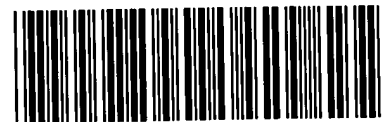
**Diplomat Freight Services Limited**

**Financial Statements**

**for the year ended 31 December 2017**

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**Diplomat Freight Services Limited**  
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**Diplomat Freight Services Limited**  
**DIRECTORS AND OTHER INFORMATION**

<b>Directors</b>	John W Rodenhouse Jr (American) Bernard O'Rourke (Irish) Marc Krens (American)
<b>Company Secretary</b>	Dean Richard Bromiley
<b>Company Number</b>	03089644
<b>Registered Office and Business Address</b>	3/4 Bower Terrace, Tonbridge Road Maidstone Kent ME16 8RY United Kingdom
<b>Auditors</b>	Infinity Vision Limited t/a HLB McKeogh Gallagher Ryan Chartered Accountants and Statutory Auditors 45 O'Connell Street Limerick Ireland
<b>Bankers</b>	Barclays Bank plc 1 Churchill Place London E14 5HP United Kingdom
<b>Solicitors</b>	Gibson Dunn Telephone House 2-4 Temple Avenue London EC4Y OHB United Kingdom

**Diplomat Freight Services Limited**

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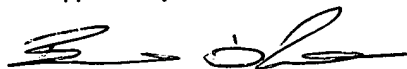
**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2017

	Notes	2017 \$	2016 \$
<b>Fixed Assets</b>			
Property, plant and equipment	11	122,039	175,314
Investments	12	268,031	268,031
		<u>390,070</u>	<u>443,345</u>
<b>Current Assets</b>			
Receivables	13	1,341,563	808,126
Cash and cash equivalents		122,062	352,003
		<u>1,463,625</u>	<u>1,160,129</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,854,920)</u>	<u>(1,802,074)</u>
<b>Net Current Liabilities</b>		<u>(391,295)</u>	<u>(641,945)</u>
<b>Total Assets less Current Liabilities</b>		<u>(1,225)</u>	<u>(198,600)</u>
<b>Equity</b>			
Called up share capital		3	3
Income statement		(1,228)	(198,603)
<b>Shareholders' Deficit</b>		<u>(1,225)</u>	<u>(198,600)</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board and authorised for issue on 25 September 2018 and signed on its behalf by



**Bernard O'Rourke (Irish)**  
Director

**Diplomat Freight Services Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
as at 31 December 2017

	Share capital	Retained earnings	Total
	\$	\$	\$
At 1 January 2016	3	69,820	69,823
Loss for the year	-	(268,423)	(268,423)
At 31 December 2016	3	(198,603)	(198,600)
Profit for the year	-	197,375	197,375
At 31 December 2017	3	(1,228)	(1,225)

# Diplomat Freight Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

### 1. GENERAL INFORMATION

Diplomat Freight Services Limited is a company limited by shares incorporated in the United Kingdom. 3/4 Bower Terrace, Tonbridge Road, Maidstone, Kent, ME16 8RY, United Kingdom is the registered office. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in US Dollar (\$) which is also the functional currency of the company.

### 2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Statement of compliance

The financial statements of the company for the year ended 31 December 2017 have been prepared on a going concern basis. The Financial Reporting Framework that has been applied in their preparation is the Companies Act 2006 and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 101 Reduced Disclosure Framework) issued by the Financial reporting Council as promulgated by Chartered Accountants Ireland.

The entity's financial statements have been prepared under the historical cost convention.

The company is a qualifying entity for the purposes of FRS 101.

The disclosure exemptions applied by the company in the preparation of these financial statements in accordance with FRS 101 are as follows:

- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between members of a group.
- Paragraph 17 of IAS 24 'Related Party Disclosures' (Key management compensation)
- IAS 7, 'Statement of cashflows'.

#### Basis of preparation

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Revenue

Revenue represents revenue earned under a wide variety of contracts to provide professional services:

Charter sales are for the charter of part or all of an aircraft. The revenue is recognised at the date of the charter flight and includes expenses and disbursements, but excludes value added tax.

General freight sales are for the transportation of goods. The revenue is recognised on delivery of these goods and includes expenses and disbursements, but excludes value added tax.

Special projects include contracted sales with guaranteed levels of income over a period of time. The revenue is recognised when the company obtains the right to consideration in exchange for its performance under these contracts, and includes expenses and disbursements, but excludes value added tax.

#### Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the Income Statement account on a straight line basis over the lease term.

#### Consolidation

The financial statements relate to the results of Diplomat Freight Services Limited as an individual company and do not contain consolidated financial statements as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its immediate parent, DFS Europe Holding BV, a company incorporated in the Netherlands.

#### Equity Instrument

Equity instruments issued by the company are recorded at the 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

# Diplomat Freight Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

### 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.

### Impairment of financial assets

Financial assets 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 the income statement.

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 the income statement.

### 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.

### Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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.

### Derecognition of financial liabilities

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

**Diplomat Freight Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

continued

**Property, plant and equipment and depreciation**

Property, plant and equipment are stated at historical cost or at valuation, less accumulated depreciation. Historical cost represents purchase price together with any incidental costs of acquisition. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Fixtures, fittings and equipment	- 20% Straight line
Motor vehicles	- 20% Straight line
Computer equipment	- 20% Straight line

At each reporting 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

**Investments in subsidiaries**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Income from other investments are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the company. Interim dividends declared by the directors are recognised when paid.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Creditors.

**Taxation and deferred taxation**

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**Diplomat Freight Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 31 December 2017

**Foreign currencies**

**(a) Functional and presentational currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("The functional currency"). The company's financial statements are presented in United States dollars, which is the company's functional and presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions or valuations where items are remeasured. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the balance sheet date. All exchange movements are recognised in the income statement.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

**4. EMPLOYEES AND REMUNERATION**

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

	2017 Number	2016 Number
Finance	1	1
Senior Management	2	1
Operations	12	7
	<u>15</u>	<u>9</u>

**5. PROPERTY, PLANT AND EQUIPMENT**

	Fixtures, fittings and equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
<b>Cost or Valuation</b>				
At 1 January 2017	64,031	153,067	6,250	223,348
Additions	7,177	-	1,334	8,511
Disposals	-	(32,680)	-	(32,680)
At 31 December 2017	<u>71,208</u>	<u>120,387</u>	<u>7,584</u>	<u>199,179</u>
<b>Depreciation</b>				
At 1 January 2017	16,168	30,761	1,105	48,034
Charge for the year	11,004	26,122	1,512	38,638
On disposals	-	(9,532)	-	(9,532)
At 31 December 2017	<u>27,172</u>	<u>47,351</u>	<u>2,617</u>	<u>77,140</u>
<b>Net book value</b>				
At 31 December 2017	<u>44,036</u>	<u>73,036</u>	<u>4,967</u>	<u>122,039</u>
At 31 December 2016	<u>47,863</u>	<u>122,306</u>	<u>5,145</u>	<u>175,314</u>

**Diplomat Freight Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

continued

**6. INVESTMENTS**

	Group and participating interests/ joint ventures	Total
Investments Cost or Valuation	\$	\$
At 31 December 2017	268,031	268,031
<b>Net book value</b>		
At 31 December 2017	268,031	268,031
At 31 December 2016	268,031	268,031

**7. Holdings in related undertakings**

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

Name	Country of incorporation	Nature of business	Details of investment	Proportion held by company
<b>Subsidiary undertaking</b> DFS Middle East FZE	Dubai	Global Logistics Solutions	Ordinary	100

DFS Middle East FZE registered office is Office 401, Dubai Airport, Free Zone, P.O. Box 54505, Dubai.

In the opinion of the directors, the value to the company of the unlisted investments is not less than the book amount shown above.

**8. RECEIVABLES**

	2017	2016
	\$	\$
Trade receivables	317,142	268,816
Amounts owed by group companies	655,338	124,777
Amounts owed by connected parties (Note 19)	124,656	42,824
Other debtors	2,442	-
Taxation (Note 15)	-	11,305
Derivative asset	141,246	164,576
Prepayments and accrued income	100,739	195,828
	<b>1,341,563</b>	<b>808,126</b>

All debtors fall due within one year. Debtors are stated net of impairment in respect of doubtful debts.

Amounts due from group companies are unsecured, interest free, have no fixed repayment date and are repayable on demand.

**Diplomat Freight Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

continued

9. CREDITORS	2017	2016
Amounts falling due within one year	\$	\$
Trade creditors	101,360	94,660
Amounts owed to group companies	1,713,335	1,649,330
Taxation (Note 15)	31,381	34,072
Accruals	8,844	24,012
	<u>1,854,920</u>	<u>1,802,074</u>

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.0274% per day. No interest was due at the financial year end.

The terms of accruals are based on the underlying contracts.

Amounts owed to group companies are unsecured, interest free, have no fixed repayment date and are payable on demand.

10. SHARE CAPITAL	2017	2016
Description	Number of shares	Value of units
Allotted, called up and fully paid		
Ordinary shares	2	£1 each
	<u>3</u>	<u>3</u>

The company has one class of ordinary shares which carries no right to fixed income.

**11. RELATED PARTY TRANSACTIONS**

The company has availed of the exemption under FRS 101 "Reduced Disclosure Framework" not to disclose transactions with related companies which are wholly owned within the group. A summary of transactions and balances with other related entities are as follows:

	Balance 2017 \$	Movement in year \$	Balance 2016 \$	Maximum in year \$
Heathwick Limited	43,333	509	42,824	43,333
Heathwick Solutions Limited	81,000	81,000	-	81,000
Musicscreen Limited	323	323	-	323
	<u>124,656</u>	<u>81,832</u>	<u>42,824</u>	

Heathwick Limited, Heathwick Solutions Limited and Musicscreen Limited are deemed to be related parties by virtue of common directors.

During the year under review Diplomat Freight Services Limited paid expenses on behalf of related parties of \$81,832.

**Diplomat Freight Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 31 December 2017

**12. PARENT AND ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of DFS Europe Holdings BV, a company registered in the Netherlands.

The company's ultimate parent undertaking is The Diplomat Group LLC.

The address of The Diplomat Group LLC is 105 Eastern Avenue, Suite 101, Annapolis, Maryland, USA 21403.

The Diplomat Group LLC is under the control of John W Rodenhouse Jr., by virtue of his beneficial ownership of that company.

The parent of the largest group in which the results are consolidated is DFS Europe Holdings BV.

DFS Europe Holdings BV is registered in Netherlands.

**13. AUDIT REPORT INFORMATION**

As the Income Statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with S444 (5B) of the Companies Act 2006.

The Auditor's report was unqualified.

The senior statutory auditor was Eoin Gallagher.

The auditor was Infinity Vision Limited T/A HLB McKeogh Gallagher Ryan. Chartered Accountants and Statutory Auditor.