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**LONGULF TRADING (UK)
LIMITED**

FINANCIAL STATEMENTS

**For the Year ended
31 DECEMBER 2008**

Company no 1287237

LONGULF TRADING (UK) LIMITED
FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

Company registration number: 1287237

Registered office: Prince Albert House
2 Kingsmill Terrace
London
NW8 6BN

Directors: D A Saeed
H Bastawisi El-Kasar
N D Marsden
P S Pieri

Secretary: Gray's Inn Secretaries Limited

Bankers: Barclays Bank plc
North West Larger Business Team
7th Floor
1 Marsden Street
Manchester
M2 1HW

Solicitors: Denton Wilde Sapte
1 Fleet Place
London
EC4M 7WS

Auditor: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

LONGULF TRADING (UK) LIMITED
FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

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The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Business review

The principal activity of the company is that of an agent for the general exporting and importing of merchandise.

The financial results are set out in the profit and loss account.

There was a profit for the year after taxation amounting to £181,890 (2007: £134,394). The directors do not recommend the payment of a dividend.

Directors

The directors holding office during the year are shown below:

D A Saeed
H Bastawisi El-Kasar
N D Marsden (appointed 3 September 2008)
P S Pieri (appointed 3 September 2008)

Financial risk management objectives and policies

The company uses various financial instruments: these include related party loans, secured overdraft facilities, cash, and various items such as trade and related party debtors and trade creditors that arise directly from its operations.

The main purpose of these financial instruments is to raise finance for the company's operations. No transactions in derivatives take place and the main risks from the company financial instruments are currency risk, credit risk and liquidity risk.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposure is hedged where known principally using forward currency contracts.

Credit risk

The company's principal financial assets are its debtors with group and related undertakings.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company finances its operations through a mixture of retained profits, bank borrowings and amounts provided by related undertakings.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for keeping proper accounting records that 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 1985. They 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 may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Act.

BY ORDER OF THE BOARD

For and on behalf of
Gray's Inn Secretaries Limited


Director/Authorised Signatory

GRAY'S INN SECRETARIES LIMITED

Secretary

15 MAY 2009

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
LONGULF TRADING (UK) LIMITED**

We have audited the financial statements of Longulf Trading (UK) Limited for the year ended 31 December 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' 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.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE AUDITOR TO THE MEMBERS OF
LONGULF TRADING (UK) LIMITED**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 December 2008.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

LONDON

20 MAY

2009

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Turnover

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax, where applicable, and intra group sales.

Turnover includes commissions based on a set mark up on administrative expenses.

Tangible Fixed Assets and Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	25% per annum on cost
Furniture, fixtures and fittings	25% per annum on cost
Leasehold improvements	15% per annum on cost

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated at the rate ruling on the balance sheet date. Transactions during the year are translated using an estimate of the average rate of the year. Gains and losses during the year have been written off through the profit and loss account.

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Contributions to pension schemes

Defined Contribution Scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

LONGULF TRADING (UK) LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 DECEMBER 2008

	Note	2008 £	2007 £
Turnover	1	31,003,616	15,306,022
Cost of sales		<u>(28,022,365)</u>	<u>(12,605,310)</u>
Gross profit		2,981,251	2,700,712
Administrative expenses		<u>(2,715,214)</u>	<u>(2,508,169)</u>
Operating profit		266,037	192,543
Interest payable and similar charges	2	<u>(4,967)</u>	<u>(7,150)</u>
Profit on ordinary activities before taxation	3	261,070	185,393
Tax on profit on ordinary activities	5	<u>(79,180)</u>	<u>(50,999)</u>
Profit for the financial year		<u><u>181,890</u></u>	<u><u>134,394</u></u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

LONGULF TRADING (UK) LIMITED
BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	6	218,945	275,657
Investments	7	<u>31,000</u>	<u>31,000</u>
		249,945	306,657
Current assets			
Debtors	8	17,992,604	20,303,609
Cash at bank and in hand		<u>20,674</u>	<u>23,760</u>
		18,013,278	20,327,369
Creditors: amounts falling due within one year	9	<u>(16,155,525)</u>	<u>(18,708,218)</u>
Net current assets		<u>1,857,753</u>	<u>1,619,151</u>
Total assets less current liabilities		<u>2,107,698</u>	<u>1,925,808</u>
Creditors: amounts falling due after more than one year	10	<u>(450,000)</u>	<u>(450,000)</u>
		<u>1,657,698</u>	<u>1,475,808</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account	13	<u>1,655,698</u>	<u>1,473,808</u>
Shareholders' funds	14	<u>1,657,698</u>	<u>1,475,808</u>
Attributable to:			
Equity shareholders' funds		1,656,698	1,474,808
Non-equity shareholders' funds		<u>1,000</u>	<u>1,000</u>
		<u>1,657,698</u>	<u>1,475,808</u>

The financial statements were approved by the Board of Directors on **5 MAY** 2009.

D A SAEED - Director



The accompanying accounting policies and notes form an integral part of these financial statements.

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

1 Turnover

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax, where applicable, and intra group sales.

A geographical analysis of turnover is:

	2008 £	2007 £
United Kingdom	236,393	307,131
Overseas	30,767,223	14,998,891
	<u>31,003,616</u>	<u>15,306,022</u>

Of the company's overseas turnover, £1,335,719 (2007: £1,916,140) relates to sales to factories located in the Yemen who fall within the HSA group of companies.

2 Interest payable and similar charges

	2008 £	2007 £
On overdrafts wholly repayable within five years	<u>4,967</u>	<u>7,150</u>

3 Profit on ordinary activities before taxation

The profit is stated after charging/(crediting):

	2008 £	2007 £
Auditors remuneration:		
- audit services	30,000	31,800
- non audit services	10,300	23,400
Depreciation on fixed assets - tangible	90,410	86,043
Hire of office equipment	33,174	24,787
Profit on disposal of fixed assets	500	(14,294)
Exchange differences	<u>(2,161)</u>	<u>(389)</u>

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

4 Directors and employees

Staff costs, including directors, during the year were as follows:

	2008 £	2007 £
Wages and salaries	1,707,222	1,567,763
Social security costs	189,884	167,42
Other pension costs	92,072	91,168
	<u>1,989,178</u>	<u>1,826,673</u>

The average number of employees of the company during the year was:

	2008 Number	2007 Number
Management and administration	24	24
Sales	15	15
	<u>39</u>	<u>39</u>

Remuneration in respect of directors including benefits in kind was as follows:

	2008 £	2007 £
Emoluments	216,884	150,550
Pension costs	7,936	-
Total emoluments	<u>224,820</u>	<u>150,550</u>

The amounts set out above include remuneration of the highest paid director as follows:

	2008 £	2007 £
Emoluments	<u>96,898</u>	<u>92,986</u>

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

5 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2008 £	2007 £
United Kingdom corporation tax at 28% (2007: 30%)	62,801	50,999
Group relief:		
- current year	16,379	-
Total current tax	<u>79,180</u>	<u>50,999</u>
Factors affecting the tax charge for period		
Profit on ordinary activities before tax	261,070	185,393
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2007: 30%)	73,100	55,618
Effect of:		
Expenses not deductible for tax purposes	4,765	20,878
Depreciation in excess of capital allowances	(65)	(25,497)
Differences in tax rates	1,380	-
	<u>79,180</u>	<u>50,999</u>

The charge for group relief in 2008 represents amounts payable to other group companies for tax losses surrendered. Deferred tax assets of £38,377 (2007: £40,513) in respect of decelerated capital allowances have not been recognised in these financial statements.

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

6 Tangible fixed assets

	Motor vehicles £	Furniture, fixtures and fittings £	Leasehold improve- ments £	Total £
Cost				
At 1 January 2008	35,017	516,867	718,557	1,270,441
Additions	-	34,196	-	34,196
Amounts written off	-	(189,132)	-	(189,132)
At 31 December 2008	<u>35,017</u>	<u>361,931</u>	<u>718,557</u>	<u>1,115,505</u>
Depreciation				
At 1 January 2008	5,837	335,245	653,702	994,784
Provided in the year	8,753	63,685	17,972	90,410
Amounts written off	-	(188,634)	-	(188,634)
At 31 December 2008	<u>14,590</u>	<u>210,296</u>	<u>671,674</u>	<u>896,560</u>
Net book amount at 31 December 2008	<u>20,427</u>	<u>151,635</u>	<u>46,883</u>	<u>218,945</u>
Net book amount at 31 December 2007	<u>29,180</u>	<u>181,622</u>	<u>64,855</u>	<u>275,657</u>

7 Investments

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 January 2008 and at 31 December 2008	<u>1,000</u>	<u>30,000</u>	<u>31,000</u>

The shares in group undertakings represent the cost of £1 ordinary shares in Stamrate Limited which is registered in England and Wales and is a wholly owned subsidiary.

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

8 Debtors

	2008 £	2007 £
Amounts owed by other group undertakings - unsecured	64,979	104,069
Amounts owed by related undertakings	17,197,148	19,634,693
Other debtors	611,373	464,092
Prepayments and accrued income	119,104	100,755
	<u>17,992,604</u>	<u>20,303,609</u>

Amounts owed by related undertakings comprise amounts due from factories located in the Yemen who fall within the HSA group of companies.

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	15,333,414	17,894,734
Trade creditors	124,082	99,911
Amounts owed to group undertakings	127,805	103,253
Amounts owed to related undertakings	301,940	358,286
Corporation tax	52,196	55,393
Other taxation and social security	53,170	51,737
Accruals and deferred income	162,918	144,904
	<u>16,155,525</u>	<u>18,708,218</u>

Amounts owed to related undertakings comprise amounts due from factories located in the Yemen who fall within the HSA group of companies.

10 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Interest free long term loan from Yemen Gulf Trading Company	<u>450,000</u>	<u>450,000</u>

There were no fixed repayment terms for this loan.

11 Provisions for liabilities and charges

No provision for deferred taxation has been made in these financial statements.

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

12 Share capital

	2008	2007
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 deferred shares of £1 each	1,000	1,000
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

The deferred shares entitle the holder to a fixed non-cumulative dividend at the rate of one per cent per annum for any financial year of the company in respect of which the net distributable profits of the company exceed £50,000,000. On winding-up the holders would receive the return of their capital from any surplus exceeding £50,000,000. The shares are non-voting.

13 Reserves

	Profit and loss account £
At 1 January 2008	1,473,808
Retained profit for the year	<u>181,890</u>
At 31 December 2008	<u>1,655,698</u>

14 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	181,890	134,394
Shareholders' funds at 1 January 2008	<u>1,475,808</u>	<u>1,341,414</u>
Shareholders' funds at 31 December 2008	<u>1,657,698</u>	<u>1,475,808</u>

15 Capital commitments

The company had no capital commitments at 31 December 2008 or 31 December 2007.

16 Contingent assets/liabilities

There were no contingent liabilities at 31 December 2008 or 31 December 2007.

LONGULF TRADING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2008

17 Consolidated financial statements

The company does not propose to produce consolidated financial statements as it is relying upon the exemption contained in Section 228 of the Companies Act 1985. These financial statements therefore present information about it as an individual undertaking and not about its group.

18 Pensions

The Longulf Trading (UK) Retirement and Death Benefits Plan ceased with effect from 1 January 2004 and was formally wound up on 26 February 2009.

19 Parent undertaking and controlling party

The immediate parent undertaking is Longulf Limited, which is registered in England and Wales and owns 100% of the issued share capital of the company.

The largest group of undertaking with a group accounts reporting requirement is that headed by Europa Investments Holdings SA, incorporated in Luxembourg.

The ultimate parent undertaking is Capital House Investments Limited, incorporated in the Cayman Islands, which is part of the HSA group of companies.

20 Transactions with related parties

As a wholly owned subsidiary of Europa Investment Holdings SA, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by Europa Investment Holdings SA.

Transactions and balances with other related parties are disclosed in notes 1, 8, 9 and 10.

Other debtors include a balance owing from a director, D Saeed of £470 (2007: £6,470) and P Pieri of £4,320.