

Financial Statements

Longulf Trading (UK) Limited

For the year ended 31 December 2016



Registered number: 01287237

Company Information

Directors	D A Saeed Anam H B El-Kasar N D Marsden P S Pieri
Company secretary	Gray's Inn Secretaries Limited
Registered number	01287237
Registered office	Prince Albert House 2 Kingsmill Terrace London NW8 6BN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Barclays Bank plc North West Larger Business Team 7th Floor 1 Marsden Street Manchester M2 1HW
Solicitors	SNR Denton UK LLP 1 Fleet Place London EC4M 7WS

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Strategic report

For the year ended 31 December 2016

Principal activity and 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 Statement of comprehensive income.

Future developments

The company is looking to continue to act as agents for general import and export services.

Principal risks and uncertainties

The company uses various financial instruments: these include related party loans, 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 arising from the company's financial instruments are currency risk, credit risk and liquidity risk.

Currency risk

The company is exposed to translation and 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.

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.

Key performance indicators

The directors measure the success of the company by looking at growth in sales and how well overhead costs are controlled.

This report was approved by the board and signed on its behalf.



D A Saeed Anam
Director

Date: 04/05/2017

Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Results and dividends

The profit for the year, after taxation, amounted to £335,557 (2015 - £315,317).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

D A Saeed Anam
H B El-Kasar
N D Marsden
P S Pieri

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

For the year ended 31 December 2016

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Director



Date: 04/05/2017

Independent auditor's report 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 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit 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 Auditor's 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 Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Longulf Trading (UK) Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic report and the Directors' report been prepared in accordance with applicable legal requirements.


Matters on which we are required to report under the Companies Act 2006

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Philip R Westerman (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London
Date: 4/5/17

Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	62,921,497	43,436,063
Cost of sales		(58,632,243)	(39,241,238)
Gross profit		4,289,254	4,194,825
Administrative expenses		(3,897,395)	(3,806,841)
Operating profit		391,859	387,984
Interest receivable and similar income	8	64	37
Interest payable and similar charges	9	(1,647)	(1,702)
Profit on ordinary activities before taxation		390,276	386,319
Taxation on profit on ordinary activities	10	(54,719)	(71,002)
Profit for the financial year		335,557	315,317
Other comprehensive income for the year		-	-
Total comprehensive income for the year		335,557	315,317

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 9 to 19 form part of these financial statements.

Statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	211,306	217,970
Tangible assets	12	122,944	202,916
		<u>334,250</u>	<u>420,886</u>
Current assets			
Debtors: Amounts falling due within one year	13	4,170,184	4,576,263
Cash at bank and in hand	14	23,697	25,403
		<u>4,193,881</u>	<u>4,601,666</u>
Creditors: Amounts falling due within one year	15	(892,275)	(1,722,253)
Net current assets		<u>3,301,606</u>	<u>2,879,413</u>
Total assets less current liabilities		<u>3,635,856</u>	<u>3,300,299</u>
Net assets		<u><u>3,635,856</u></u>	<u><u>3,300,299</u></u>
Capital and reserves			
Called up share capital	16	2,000	2,000
Profit and loss account		3,633,856	3,298,299
Shareholders' funds		<u><u>3,635,856</u></u>	<u><u>3,300,299</u></u>

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


D A Saeed Anam
Director

Date: 04/05/2017

The notes on pages 9 to 19 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	2,000	3,298,299	3,300,299
Comprehensive income for the year			
Profit for the year	-	335,557	335,557
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	335,557	335,557
At 31 December 2016	2,000	3,633,856	3,635,856

Statement of changes in equity

For the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	2,000	2,982,982	2,984,982
Comprehensive income for the year			
Profit for the year	-	315,317	315,317
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	315,317	315,317
At 31 December 2015	2,000	3,298,299	3,300,299

The notes on pages 9 to 19 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

1. Company information

Longulf Trading (UK) Limited is a private company limited by shares, registered and incorporated in England. The company's registered office is Prince Albert House, 2 Kingsmill Terrace, London, NW8 6BN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and have, therefore, used the going concern basis in preparing the financial statements.

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.3 Turnover

Turnover excludes Value Added Tax and relates to amounts derived from the provision of goods and services to customers during the year.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity 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.

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful economic lives, using the straight line method. The intangible assets are amortised over the following useful economic lives:

Software - 25% per annum on cost

2.5 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 provided on the following basis:

Leasehold improvements	-	15% per annum on cost
Motor vehicles	-	25% per annum on cost
Fixtures and fittings	-	25% per annum on cost

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 comprehensive income.

2.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Operating leases

Rentals under operating leases are charged to the Income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.9 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.

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Income statement.

2.12 Pensions

The company operates a defined contribution scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2.13 Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2.14 Finance costs

Finance costs are charged to the Income Statement 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.

2.15 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.16 Cash flow statement

The individual accounts of Longulf Trading (UK) Limited have adopted the disclosure exemption from the requirement to present a statement of cash flows and related notes.

2.17 Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

There are no material judgments or estimates in preparation of these financial statements.

The directors consider, in relation to the requirement to disclose the remuneration of key management personnel, that key management comprise the Board of directors. Their remuneration is disclosed in note 7.

4. 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 as follows:

	2016 £	2015 £
United Kingdom	227,028	228,194
Overseas	62,694,469	43,207,869
	<u>62,921,497</u>	<u>43,436,063</u>

Of the company's overseas turnover, £1,719,171 (2015: £1,708,685) relates to sales to factories located in Middle East who fall within the HSA group of companies.

Notes to the financial statements

For the year ended 31 December 2016

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	82,252	87,450
Amortisation of intangible assets	76,221	36,466
Auditor's remuneration	25,967	31,750
Auditor's remuneration - non audit	7,750	7,500
Operating leases: - equipment	25,096	24,481
- rent	150,000	150,000
Difference on foreign exchange	948	5,042
Other pension costs	175,526	161,345
	<u>2,662,002</u>	<u>2,534,379</u>

6. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,234,568	2,130,459
Social security costs	251,908	242,575
Other pension costs	175,526	161,345
	<u>2,662,002</u>	<u>2,534,379</u>

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

	2016 No.	2015 No.
Management and administration staff	31	27
Number of sales staff	16	16
	<u>47</u>	<u>43</u>

Notes to the financial statements

For the year ended 31 December 2016

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	311,425	347,100
Company contributions to defined contribution pension schemes	89,547	72,653
	<u>400,972</u>	<u>419,753</u>

The highest paid director received remuneration of £103,600 (2015 - £104,300).

8. Interest receivable

	2016 £	2015 £
Interest receivable	<u>64</u>	<u>37</u>

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	<u>1,647</u>	<u>1,702</u>

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	75,803	71,002
Adjustments in respect of prior periods	(21,084)	-
Taxation on profit on ordinary activities	<u>54,719</u>	<u>71,002</u>

Notes to the financial statements

For the year ended 31 December 2016

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>390,276</u>	<u>386,319</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	78,055	78,217
Effects of:		
Fixed asset differences	11,589	-
Expenses not deductible for tax purposes	7	50
Capital allowances for year in excess of depreciation	-	6,901
Adjustments to tax charge in respect of prior periods	-	(8,596)
Non-taxable income	(7,902)	-
Adjustments to tax charge in respect of previous periods	(21,025)	-
Income not taxable for tax purposes	-	(10,067)
Group relief	(4,735)	-
Deferred tax not recognised	(1,270)	4,497
Total tax charge for the year	<u>54,719</u>	<u>71,002</u>

Factors that may affect future tax charges

The charge for group relief represents amounts payable to other group companies for tax losses surrendered. Deferred tax assets of £26,182 (2015: £22,198) in respect of decelerated capital allowances have not been recognised in these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

11. Intangible assets

	Computer software £
Cost	
At 1 January 2016	515,022
Additions	69,557
At 31 December 2016	584,579
Amortisation	
At 1 January 2016	297,052
Charge for the year	76,221
At 31 December 2016	373,273
Net book value	
At 31 December 2016	211,306
At 31 December 2015	217,970

12. Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2016	1,120,438	40,000	162,210	1,322,648
Additions	-	-	2,280	2,280
At 31 December 2016	1,120,438	40,000	164,490	1,324,928
Depreciation				
At 1 January 2016	964,803	22,500	132,429	1,119,732
Charge for the period on owned assets	57,940	10,000	14,312	82,252
At 31 December 2016	1,022,743	32,500	146,741	1,201,984
Net book value				
At 31 December 2016	97,695	7,500	17,749	122,944
At 31 December 2015	155,635	17,500	29,781	202,916

Notes to the financial statements

For the year ended 31 December 2016

13. Debtors

	2016 £	2015 £
Due within one year		
Amounts owed by group undertakings	67,678	96,342
Amounts owed by related undertakings	3,812,723	4,214,482
Other debtors	72,242	88,085
Prepayments and accrued income	217,541	177,354
	<u>4,170,184</u>	<u>4,576,263</u>

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

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	23,697	25,403
Less: bank overdrafts	(345,317)	(1,226,888)
	<u>(321,620)</u>	<u>(1,201,485)</u>

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	345,317	1,226,888
Trade creditors	140,938	80,234
Amounts owed to group undertakings	229,080	229,080
Corporation tax	35,297	50,393
Taxation and social security	70,478	65,993
Accruals and deferred income	71,165	69,665
	<u>892,275</u>	<u>1,722,253</u>

Notes to the financial statements

For the year ended 31 December 2016

16. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares shares of £1 each	1,000	1,000
1,000 Deferred shares shares of £1 each	1,000	1,000
	<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. These shares are non voting.

17. Contingent liabilities

There were no contingent liabilities at 31 December 2016 or 31 December 2015.

18. Capital commitments

The company held no capital commitments at 31 December 2016 or 31 December 2015.

19. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Within 1 year	75,000	150,000
Between one and five years	-	75,000
	<u>75,000</u>	<u>225,000</u>

The current lease expires in June 2017.

Notes to the financial statements

For the year ended 31 December 2016

20. Related party transactions

Under FRS 102 the company is exempt from the requirement to disclose transactions with other group companies on the basis that it is a wholly owned subsidiary and its results are consolidated into that of the parent company.

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

The entire share capital of Longulf Limited is held by Europa Holdings Limited, an entity incorporated in the Cayman Islands. The directors consider that the smallest and the largest group of undertakings with a group accounts reporting requirement is that headed by Longulf Limited.

The ultimate parent undertaking is Capital House Investments Limited, incorporated in the Cayman Islands.