

**LONGULF TRADING (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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**LONGULF TRADING (UK) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D A Saeed Anam H B El-Kasar N D Marsden P S Pieri M D A Saeed
<b>Company secretary</b>	Gray's Inn Secretaries Limited
<b>Registered number</b>	01287237
<b>Registered office</b>	Prince Albert House 2 Kingsmill Terrace London NW8 6BN
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
<b>Bankers</b>	Barclays Bank plc North West Larger Business Team 7th Floor 1 Marsden Street Manchester M2 1HW
<b>Solicitors</b>	SNR Denton UK LLP 1 Fleet Place London EC4M 7WS

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**LONGULF TRADING (UK) LIMITED**

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## LONGULF TRADING (UK) LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### **Principal activity and business review**

The principal activity of the company is that of an agent for the general exporting and importing of raw materials and plant & equipment for manufacturing industry.

The long-term objective of the business is to grow shareholder value. This is to be achieved through profitable growth in existing businesses and new business development, where appropriate. The company engages a global network of suppliers in pursuit of its objectives.

The strategy is constantly reviewed by the Board in the light of the company's performance and changing market conditions to ensure it remains appropriate to achieve the businesses' objectives.

In 2018 sales grew in line with anticipated business development. We also continued our commitment to growth by expanding our business activities to other markets and regions.

#### **Future developments**

The company is looking to continue to act as agents for general import and export services. Following an increase in the capital base of the company, with effect from 1st January 2018, the company will no longer depend on group support to finance its operations.

Consequently, the presentation of the financial statements for the year ended 31 December 2018 has been amended to facilitate the company's objective of providing greater clarity to the users of the financial statements.

#### **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, liquidity risk and interest rate 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 borrowing in the same currency.

##### *Credit risk*

The company's principal financial assets are its trade debtors, cash and stocks and its balances with group and related undertakings. Assessment and monitoring of existing and potential customers is now an integral part of our credit risk management system.

##### *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, amount provided by related undertakings and bank borrowings. Our banking facilities leave ample funding headroom to support future growth and development of new businesses.

##### *Interest rate risk:*

Our banking facilities are denominated in US\$ and subject to US Federal Reserve interest rate movement. Funding is at fixed margin level relative to the base LIBOR, depending on the type of facility. The directors keep under review the potential for interest rate movement and its possible impact on our finance cost.

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## LONGULF TRADING (UK) LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Regulatory and compliance

Our response to the regulatory and legal landscape continue to evolve across our business areas.

Our aim is to develop robust strategies which anticipate and adapt to regulatory change. In this respect we have put in place policies to monitor Anti-bribery and Corruption, Supplier codes of conduct and Modern Slavery compliance programmes.

#### Key performance indicators

The directors measure the success of the company by using a number of financial and non-financial measures to monitor progress against budgets, strategies and corporate objectives.

This includes looking at growth in sales and profit.

	2018 \$000s	2017 \$000s
Turnovers	100,240	92,433
Profit Before Tax	774	606

Sustainable growth is key to the success of our company, in order to meet both our financial and non-financial KPIs and to support our staff and other stakeholders. Significant competitive activities continued to influence our selling and pricing decisions. Given the competitive activity, the general economic factors and the liquidity conditions of the various markets we operate in, it is anticipated that the company will continue to grow.

Our reputation is crucial in our goal to continue our growth in a sustainable way. We believe that by supporting all of our stakeholders within the best of our capacity, we will achieve this and continue to be considered an admirable corporate citizen and welcomed by potential partners.

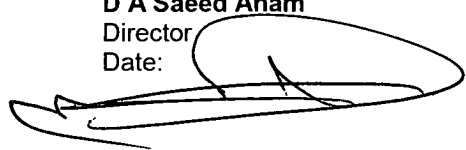
In addition, the professionalism of our teams is key to our companies' success. Beyond this we believe regular training opportunities boost job satisfaction and the personal progression for our talented workforce. The board also monitors and proactively reviews health and safety in all our operating units. Improving the working environment and avoiding or minimising any threat to the safety and wellbeing of our employees are and will remain key management priority.

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

**D A Saeed Anam**

Director

Date:



28 June 2019

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## LONGULF TRADING (UK) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

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.

#### Results and dividends

The profit for the year, after taxation, amounted to \$538,690 (2017 - \$501,473).

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  
M D A Saeed (appointed 10 July 2018)

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**LONGULF TRADING (UK) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Disclosure of information to auditor**

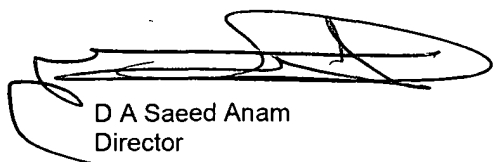
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**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.



D A Saeed Anam  
Director

Date: 28 June 2019



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGULF TRADING (UK) LIMITED

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### Opinion

We have audited the financial statements of Longulf Trading (UK) Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.





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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions 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 the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report by the Companies Act 2006**

In the light of the 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 or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.



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

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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.

*Grant Thornton UK LLP*

Richard Hagley BSc FCA (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Senior Statutory Auditor  
London  
Date: *28 June 2019*

LONGULF TRADING (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	As restated 2017 \$
Turnover	4	100,240,235	92,433,148
Cost of sales		(94,811,880)	(86,374,714)
<b>Gross profit</b>		<b>5,428,355</b>	<b>6,058,434</b>
Administrative expenses		(3,775,761)	(5,451,607)
<b>Operating profit</b>	5	<b>1,652,594</b>	<b>606,827</b>
Interest receivable and similar income	8	24,193	-
Interest payable and expenses	9	(901,819)	(1,057)
<b>Profit before tax</b>		<b>774,968</b>	<b>605,770</b>
Tax on profit	10	(236,278)	(104,297)
<b>Profit for the financial year</b>		<b>538,690</b>	<b>501,473</b>
<b>Total comprehensive income for the year</b>		<b>538,690</b>	<b>501,473</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 11 to 22 form part of these financial statements.

**LONGULF TRADING (UK) LIMITED**  
**REGISTERED NUMBER:01287237**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 \$	As restated 2017 \$
<b>Fixed assets</b>			
Intangible assets	11	123,912	201,585
Tangible assets	12	1,630,547	194,825
		<u>1,754,459</u>	<u>396,410</u>
<b>Current assets</b>			
Stocks	13	4,929,999	-
Debtors: amounts falling due within one year	14	15,336,496	11,217,707
Cash at bank and in hand	15	13,100,828	135,422
		<u>33,367,323</u>	<u>11,353,129</u>
Creditors: amounts falling due within one year	16	(18,432,317)	(6,568,604)
<b>Net current assets</b>		<u>14,935,006</u>	<u>4,784,525</u>
<b>Total assets less current liabilities</b>		<u>16,689,465</u>	<u>5,180,935</u>
Creditors: amounts falling due after more than one year	17	(969,840)	-
<b>Net assets</b>		<u><u>15,719,625</u></u>	<u><u>5,180,935</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	10,002,689	2,689
Profit and loss account		5,716,936	5,178,246
		<u><u>15,719,625</u></u>	<u><u>5,180,935</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: 28 June 2019

The notes on pages 11 to 22 form part of these financial statements.

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LONGULF TRADING (UK) LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

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	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2018	2,689	5,178,246	5,180,935
<b>Comprehensive income for the year</b>			
Profit for the year	-	538,690	538,690
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	538,690	538,690
Shares issued during the year	10,000,000	-	10,000,000
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	<b>10,002,689</b>	<b>5,716,936</b>	<b>15,719,625</b>

The notes on pages 11 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

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	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2017	2,689	4,676,773	4,679,462
<b>Comprehensive income for the year</b>			
Profit for the year	-	501,473	501,473
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	501,473	501,473
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2017</b>	<b>2,689</b>	<b>5,178,246</b>	<b>5,180,935</b>

The notes on pages 11 to 22 form part of these financial statements.

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## LONGULF TRADING (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Company information

Longulf Trading (UK) Limited is a company domiciled in England and Wales, registration number 01287237. The 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 unless otherwise specified within these accounting policies 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).

At 1 January 2018, the company changed its functional and presentational currency from sterling to US dollars.

The following principal accounting policies have been applied:

##### 2.2 Prior year restatement

As a consequence of the change in the presentational currency to US dollars from 1st January 2018, the comparative amounts reported in these financial statements have been adjusted to reflect the equivalent US dollar amount at 31st December 2018 and the opening balances have been restated at the prevailing US dollar rate at 31st December 2017.

##### 2.3 Change in financial statement presentation

As a result of the withdrawal of group support as outlined in the Strategic Report, there are now working capital balances reflected in the Statement of Financial Position including inventories, debtors and creditors.

##### 2.4 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.

##### 2.5 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. Only the gross inflows of economic benefits received by the entity on its own account are recognised. All amounts collected on behalf of third parties are excluded.

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## LONGULF TRADING (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2. Accounting policies (continued)

### 2.6 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

### 2.7 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
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.

### 2.8 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.

### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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## LONGULF TRADING (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.10 Debtors

Short term debtors are measured at transaction price, 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.

##### 2.13 Foreign currency translation

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

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

Exchange gains and losses are recognised in the Statement of comprehensive income.

##### 2.14 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.

##### 2.15 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 Statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of comprehensive income. 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.

##### 2.16 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.



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**LONGULF TRADING (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.17 Interest income**

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

**2.18 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.

**2.19 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**

Following the change in funding arrangements referred to in the directors report from 1 January 2018, the directors have judged that the risk and rewards have changed with respect to certain assets and liabilities, including stocks, debtors and creditors, and this has resulted in these being accounted for as assets and liabilities of the company.

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.

Analysis of turnover by country of destination:

	2018 \$	As restated 2017 \$
United Kingdom	2,033,938	266,028
Rest of the world	98,206,297	92,167,120
	<u>100,240,235</u>	<u>92,433,148</u>

**LONGULF TRADING (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2018	<i>As restated</i> 2017
	\$	\$
Depreciation of tangible fixed assets	175,409	118,512
Gain on disposal of tangible assets	-	(6,413)
Amortisation of intangible assets	121,110	108,181
Auditor's remuneration	47,460	33,681
Auditor's remuneration - tax services	9,941	8,588
Auditor's remuneration - accounting service	16,675	-
Operating leases: - equipment	16,445	46,410
Operating leases: - rent	249,727	192,404
Difference on foreign exchange	(294,020)	709
Other pension costs	200,980	191,610
	<u>          </u>	<u>          </u>

**6. Employees**

Staff costs were as follows:

	2018	2017
	\$	\$
Wages and salaries	3,274,597	3,025,588
Social security costs	374,324	344,312
Cost of defined benefit scheme	200,980	191,611
	<u>          </u>	<u>          </u>
	<u>3,849,901</u>	<u>3,561,511</u>

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

	2018	2017
	No.	No.
Management and administration staff	32	31
Number of sales staff	16	16
	<u>          </u>	<u>          </u>
	<u>48</u>	<u>47</u>

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LONGULF TRADING (UK) LIMITED

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

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7. Directors' remuneration

	2018 \$	2017 \$
Directors' emoluments	471,346	403,920
Company contributions to defined contribution pension schemes	73,939	77,250
	<u>545,285</u>	<u>481,170</u>

The highest paid director received remuneration of \$146,101 (2017 - \$137,761).

8. Interest receivable

	2018 \$	2017 \$
Other interest receivable	24,193	-
	<u>24,193</u>	<u>-</u>

9. Interest payable and similar expenses

	2018 \$	2017 \$
Interest expenses	668,216	1,057
Invoice factoring costs	233,603	-
	<u>901,819</u>	<u>1,057</u>

10. Taxation

	2018 \$	2017 \$
<b>Corporation tax</b>		
Current tax on profits for the year	236,302	98,872
Adjustments in respect of previous periods	(24)	5,425
<b>Total current tax</b>	<u>236,278</u>	<u>104,297</u>

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LONGULF TRADING (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 \$	2017 \$
Profit on ordinary activities before tax	<u>774,968</u>	<u>605,770</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	147,244	116,611
Effects of:		
Fixed asset differences	35,244	3,074
Expenses not deductible for tax purposes	6,567	4,700
Non-taxable income	-	(22,637)
Adjustments to tax charge in respect of previous periods	(24)	5,425
Average rates deferred tax adjustments	-	(408)
Deferred tax not recognised	62,959	(3,091)
Group relief surrendered/(claimed)	(15,712)	-
Other differences leading to an increase in the tax charge	-	623
Total tax charge for the year	<u>236,278</u>	<u>104,297</u>

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LONGULF TRADING (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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10. Taxation (continued)

**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 \$557,241 (2017: \$189,183) in respect of decelerated capital allowances have not been recognised in these financial statements.

During the year the UK corporation tax rate was decreased. Following Budget 2017 announcements, there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

11. Intangible assets

	Computer software \$
<b>Cost</b>	
At 1 January 2018	790,531
Additions	43,437
At 31 December 2018	<u>833,968</u>
<b>Amortisation</b>	
At 1 January 2018	588,946
Charge for the year	121,110
At 31 December 2018	<u>710,056</u>
<b>Net book value</b>	
At 31 December 2018	<u>123,912</u>
At 31 December 2017 (as restated)	<u>201,585</u>

**LONGULF TRADING (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets**

	Leasehold improvements \$	Fixtures and fittings \$	Total \$
<b>Cost or valuation</b>			
At 1 January 2018	1,595,770	219,870	1,815,640
Additions	1,452,616	158,515	1,611,131
At 31 December 2018	3,048,386	378,385	3,426,771
<b>Depreciation</b>			
At 1 January 2018	1,412,470	208,345	1,620,815
Charge for the year on owned assets	155,801	19,608	175,409
At 31 December 2018	1,568,271	227,953	1,796,224
<b>Net book value</b>			
At 31 December 2018	1,480,115	150,432	1,630,547
At 31 December 2017 (as restated)	183,300	11,525	194,825

**13. Stocks**

	2018 \$	As restated 2017 \$
Finished goods and goods for resale	4,929,999	-

**14. Debtors**

	2018 \$	As restated 2017 \$
Trade debtors	14,747,436	-
Amounts owed by related undertakings	347,161	10,867,342
Other debtors	1,097	90,545
Prepayments and accrued income	240,802	259,820
	15,336,496	11,217,707

**LONGULF TRADING (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. Debtors (continued)**

Amounts owed to related undertakings comprise amounts due from factories located in the Middle East who fall within the HSA group of companies. The company is part of, and related by common control to, the Hayel Saeed Anam (HSA) group of companies.

**15. Cash and cash equivalents**

	2018 \$	As restated 2017 \$
Cash at bank and in hand	13,100,828	135,422
Less: bank overdrafts	-	(5,088,109)
	<u>13,100,828</u>	<u>(4,952,687)</u>

**16. Creditors: Amounts falling due within one year**

	2018 \$	As restated 2017 \$
Bank overdrafts	-	5,088,109
Trade creditors	5,441,409	250,352
Amounts owed to group undertakings	137,913	979,765
Amounts owed to related undertakings	3,588,684	-
Corporation tax	101,922	56,330
Other taxation and social security	16,050	98,395
Other loans	408,892	-
Accruals and deferred income	8,737,447	95,653
	<u>18,432,317</u>	<u>6,568,604</u>

Included within amounts owed by related undertakings is \$3,517,361 (2017: (\$4,840,987)) due to Capital House Investments Limited, the company's ultimate parent and controlling party.

**17. Creditors: Amounts falling due after more than one year**

	2018 \$	As restated 2017 \$
Trade creditors	<u>969,840</u>	<u>-</u>

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LONGULF TRADING (UK) LIMITED

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18. Share capital

	2018	As restated 2017
	\$	\$
<b>Allotted, called up and fully paid</b>		
7,440,816 (2017 - 2,689) Ordinary shares of \$1.3443 (2017: \$1.00) each	<b>10,002,689</b>	<b>2,689</b>

During the prior year, all existing deferred shares of £1 each in the capital of the company were re-designated as 1,000 ordinary shares of £1 each.

During the year, 7,438,816 ordinary shares were allotted in the year for a nominal amount of \$1.3443 per share.

19. Contingent liabilities

The company has issued letters of credit under a banking facility in the normal course of business.

20. Capital commitments

The company held no capital commitments at 31 December 2018 or 31 December 2017.

21. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	As restated 2017
	\$	\$
Within 1 year	193,050	193,050
Between 1 and 5 years	772,200	772,200
After more than 5 years	675,675	868,725
	<b>1,640,925</b>	<b>1,833,975</b>



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**LONGULF TRADING (UK) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**22. 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.

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 and controlling party is Capital House Investments Limited, incorporated in the Cayman Islands.