

Company Registration No.1441516

**GULF CONSUMER GOODS
COMPANY LIMITED**

Report and Financial Statements

31 December 1994

**Bass & Co
Chartered Accountants
123 Riddlesdown Road
Purley
Surrey
CR8 1DL**



GULF CONSUMER GOODS COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 1994

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GULF CONSUMER GOODS COMPANY LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The principal activity of the company is the sale of consumer goods.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The directors are satisfied with the results for the year and do not anticipate any material changes in the forthcoming year.

RESULTS, DIVIDENDS AND TRANSFERS FROM RESERVES

Details of the results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend for the year and the profit of £17,943 (1993 loss £30,460) has been transferred to reserves.

FIXED ASSETS

As at 31 December 1994 the directors have revalued the company's long leasehold property at £200,000. This revaluation has been incorporated into the accounts and the deficit arising on the revaluation has been transferred to the revaluation reserve.

DIRECTORS

The directors who served throughout the year and their beneficial interest in the shares of the company at the year end were as follows:

	Ordinary shares of £1 each	
	1994	1993
B K Chaiban	37,500	37,500
Mrs K Jamjoun	-	-
A Abi Aad	22,000	22,000

AUDITORS

Bass & Co have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



B. Collett
Secretary

24 July, 1995

GULF CONSUMER GOODS COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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.

Bass

& Co

Anthony J Bass FCA

Chartered Accountants

123 Riddlesdown Road
Purley Surrey CR8 1DL
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0181 763 9339

AUDITORS' REPORT TO THE MEMBERS OF GULF CONSUMER GOODS COMPANY LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31 December 1994 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Bass ✓

Chartered Accountants
and Registered Auditors

24 July, 1995

GULF CONSUMER GOODS COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1994

	Note	1994 £	1993 £
TURNOVER	1/2	1,066,652	1,765,123
Cost of sales		(923,611)	(1,636,456)
Gross profit		<u>143,041</u>	<u>128,667</u>
Other operating income	3	128,779	170,537
Operating expenses		(193,698)	(269,750)
Depreciation on leasehold revaluation		(13,265)	(13,265)
		<u>(78,184)</u>	<u>(112,478)</u>
OPERATING PROFIT		<u>64,857</u>	<u>16,189</u>
Profit on sale of fixed asset investment		5,421	-
Other interest receivable and similar income	6	349	3,002
Interest payable	7	(41,792)	(41,204)
		<u>(36,022)</u>	<u>(38,202)</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	8	28,835	(22,013)
Tax on profit (loss) on ordinary activities	9	(10,812)	(8,447)
RETAINED PROFIT (LOSS) FOR THE FINANCIAL YEAR	17	<u>17,943</u>	<u>(30,460)</u>

None of the company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994 £	1993 £
Profit (loss) for the financial year	17,943	(30,460)
Deficit arising on revaluation of fixed assets	(338,460)	-
	<u>(297,387)</u>	<u>(30,460)</u>
Total recognised gains and losses relating to the year	<u><u></u></u>	<u><u></u></u>

GULF CONSUMER GOODS COMPANY LIMITED

BALANCE SHEET 31 December 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Tangible assets	10	456,943	814,984
Fixed asset investments	11	381,684	518,382
		<u>838,627</u>	<u>1,333,366</u>
CURRENT ASSETS			
Debtors	12	665,465	754,324
Cash at bank and in hand		28,981	23,514
		<u>694,446</u>	<u>777,838</u>
CREDITORS: amounts falling due within one year			
Bank overdraft	13	114,939	201,275
Trade creditors		184,865	257,072
Other creditors including taxation and social security	14	344,073	310,578
		<u>643,877</u>	<u>768,925</u>
NET CURRENT ASSETS		<u>50,569</u>	<u>8,913</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>889,196</u>	<u>1,342,279</u>
CREDITORS: amounts falling due after more than one year			
	15	(245,027)	(377,593)
		<u>644,169</u>	<u>964,686</u>
CAPITAL AND RESERVES			
Called up share capital	16	250,000	250,000
Revaluation reserve	17	125,805	477,530
Profit and loss account	17	268,364	237,156
SHAREHOLDERS' FUNDS	18	<u>644,169</u>	<u>964,686</u>

These financial statements were approved by the Board of Directors on

24 July, 1995

Signed on behalf of the Board

B K Chaiban
B K Chaiban
Director

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 1994**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting Convention

These financial statements are prepared under the historical cost convention as modified by the revaluation of certain leasehold properties.

Group Accounts

The company is entitled for the year ended 31 December 1994 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Tangible Fixed Assets and Depreciation

Depreciation on tangible fixed assets is calculated to write down their cost by equal annual instalments over their estimated useful economic lives, which are considered to be:

Leasehold property	- the period of the lease to a maximum of 50 years
Motor vehicles	- between 3 and 4 years
Fixtures, fittings and equipment	- between 3 and 10 years

Stocks

Stocks comprising bought in goods for resale are valued at the lower of cost and net realisable value. Cost is calculated on the first in first out basis.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Turnover

Turnover is the amount derived from the provision of goods falling within the company's ordinary activities after deducting trade discounts and value added tax.

Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1994

2. TURNOVER	1994	1993
	£	£
The geographical analysis of turnover is as follows:		
Africa	347,600	1,104,000
Middle East	302,800	197,000
United Kingdom	32,000	37,000
Eastern Europe	358,600	392,000
Other	25,652	35,123
	<u>1,066,652</u>	<u>1,765,123</u>
	<u><u>1,066,652</u></u>	<u><u>1,765,123</u></u>
 3. OTHER OPERATING INCOME	 1994	 1993
	£	£
Rental income	28,445	24,474
Dividends received from the Food Centre	21,271	146,063
Interest charged to customers	79,063	-
	<u>128,779</u>	<u>170,537</u>
	<u><u>128,779</u></u>	<u><u>170,537</u></u>
 4. EMPLOYEES	 1994	 1993
	No	No
Average number of persons employed including directors	7	7
	<u>7</u>	<u>7</u>
	<u><u>7</u></u>	<u><u>7</u></u>
	1994	1993
	£	£
Staff costs during the year		
Wages and salaries	56,141	59,333
Social security costs	5,502	5,418
	<u>61,643</u>	<u>64,751</u>
	<u><u>61,643</u></u>	<u><u>64,751</u></u>

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1994

5. DIRECTORS	1994	1993
	£	£
Emoluments of the directors included in note 4 above were:	14,500	12,750
	<u> </u>	<u> </u>
Chairman and highest paid director	14,500	12,750
	<u> </u>	<u> </u>
Other directors receiving no remuneration	2	2
	<u> </u>	<u> </u>
 6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	 1994	 1993
	£	£
Bank interest receivable	349	3,002
	<u> </u>	<u> </u>
 7. INTEREST PAYABLE	 1994	 1993
	£	£
Bank interest payable on overdrafts wholly repayable within five years	16,786	8,966
Interest charges payable on other short term loans	25,006	32,238
	<u> </u>	<u> </u>
	<u>41,792</u>	<u>41,204</u>
	<u> </u>	<u> </u>
 8. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	 1994	 1993
	£	£
Profit (loss) on ordinary activities before taxation is arrived at after charging/(crediting):		
Depreciation	39,738	38,911
Auditors' remuneration	3,000	2,850
Loss (profit) on exchange	18,590	(24,733)
	<u> </u>	<u> </u>

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1994

9. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES	1994 £	1993 £
Taxation is based on the results for the year and comprise:		
Corporation tax payable (repayable) at 25%	10,892	(15,173)
Adjustments in respect of previous years	-	23,620
	<u>10,892</u>	<u>8,447</u>

The taxation charge for the year has been reduced by approximately £4,900 by the utilisation of losses brought forward.

10. TANGIBLE FIXED ASSETS

	Long leasehold property £	Short leasehold property £	Motor vehicles £	Fixtures Fittings and Equipment £	Total £
Cost or valuation					
At 1 January 1994	600,000	293,936	2,000	74,623	970,559
Additions	-	20,232	-	-	20,232
Disposals	-	-	-	(2,509)	(2,509)
Revaluation	(400,000)	-	-	-	(400,000)
At 31 December 1994	<u>200,000</u>	<u>314,168</u>	<u>2,000</u>	<u>72,114</u>	<u>588,282</u>
Depreciation					
At 1 January 1994	46,155	34,978	2,000	72,442	155,575
Charge for the year	15,385	23,266	-	1,086	39,737
Disposals	-	-	-	(2,433)	(2,433)
Revaluation	(61,540)	-	-	-	(61,540)
At 31 December 1994	<u>-</u>	<u>58,244</u>	<u>2,000</u>	<u>71,095</u>	<u>131,339</u>
Net book value					
At 31 December 1994	<u>200,000</u>	<u>255,924</u>	<u>-</u>	<u>1,019</u>	<u>456,943</u>
At 31 December 1993	<u>553,845</u>	<u>258,958</u>	<u>-</u>	<u>2,181</u>	<u>814,984</u>

The long leasehold property has been revalued by the directors as at 31 December 1994.

Under the historical cost convention the cost of the long leasehold property is £105,994 and as at 31 December 1994 the accumulated depreciation would be £31,709 and the net book value £74,285.

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1994

11. FIXED ASSET INVESTMENTS	1994 £	1993 £
Cost		
The investments are as follows:		
The Food Centre LLC	92,373	158,766
J. Ellaby (Wholesale) Limited	289,311	289,311
	<u>381,684</u>	<u>448,077</u>
Share of unremitted profits in the Food Centre	-	70,305
	<u>381,684</u>	<u>518,382</u>

The company holds a 16% (1993 - 27.5%) interest in The Food Centre LLC, a company registered in Dubai. At 31 December 1994 the net assets of The Food Centre LLC and its profit for the year then ended were £606,605 and £213,403 respectively.

The company holds a 54% interest in J Ellaby (Wholesale) Limited, a company registered in the UK. At 31 December 1994 the net assets of J Ellaby (Wholesale) Limited and its profit after taxation for the year then ended were £383,179 and £21,951 respectively.

12. DEBTORS	1994 £	1993 £
Trade debtors	586,476	733,175
Other debtors	77,484	15,664
Prepayments and accrued income	1,505	5,485
	<u>665,465</u>	<u>754,324</u>

13. BANK OVERDRAFT

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY	1994 £	1993 £
Corporation tax	9,643	8,447
Other tax and social security	-	1,444
Accruals and deferred income	18,591	29,005
Amount due to connected company	315,839	271,682
	<u>344,073</u>	<u>310,578</u>

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1994

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1994 £	1993 £
Loan capital	199,027	277,593
Other loans	46,000	100,000
	<u>245,027</u>	<u>377,593</u>

The loan capital represents unsecured interest free loans from each of the company's shareholders which are only repayable with the consent of the holders of not less than 95% in nominal value of the issued share capital.

The other loan is an unsecured interest free loan from J Ellaby (Wholesale) Limited with no fixed repayment terms.

16. CALLED UP SHARE CAPITAL	1994 £	1993 £
Authorised 750,000 ordinary shares of £1 each	750,000	750,000
Allotted and fully paid 250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

17. STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation reserve £	Profit and loss account £	Total 1994 £	Total 1993 £
At 1 January 1994	477,530	237,156	714,686	745,146
Profit (loss) for year	-	17,943	17,943	(30,460)
Transfer re depreciation on revaluation	(13,265)	13,265	-	-
Deficit on revaluation of fixed assets	(338,460)	-	(338,460)	-
At 31 December 1994	<u>125,805</u>	<u>268,364</u>	<u>394,169</u>	<u>714,686</u>

GULF CONSUMER GOODS COMPANY LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1994

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit (loss) for the financial year	17,943	(30,460)
Other recognised gains and losses relating to the year:		
Deficit on revaluation of fixed assets	(338,460)	-
Net reduction in shareholders' funds	(320,517)	(30,460)
Opening shareholders' funds	964,686	995,146
Closing shareholders' funds	644,169	964,686

19. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred taxation provided and unprovided in the accounts are:

	1994 £	Provided 1993 £	1994 £	Unprovided 1993 £
Surplus on revaluation	-	-	1,500	91,000
Other timing differences	-	-	(500)	(500)
Less losses	-	-	(500)	(5,500)
	-	-	500	85,000