

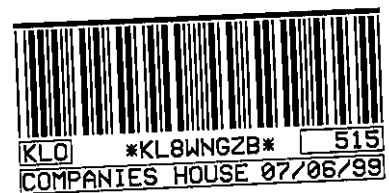
Company Registration No.1441516

**GULF CONSUMER GOODS  
COMPANY LIMITED**

**Report and Financial Statements**

**31 December 1998**

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



# **GULF CONSUMER GOODS COMPANY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 1998**

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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 1998.

### PRINCIPAL ACTIVITY

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

### REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company suffered a significant reduction in turnover during the year and the directors are disappointed with the results, although these are in line with expectations. The directors expect to see some improvement during 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 loss of £65,856 (1997 - £26,953) has been transferred to reserves.

### 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	
	1998	1997
B K Chaiban	42,500	37,500
Mrs K Jamjoun	-	-
A Abi Aad	22,000	22,000

172,500 (69%) ordinary shares of £1 each are held by Thabeer Trading & Contracting Co., a partnership in Saudi Arabia, of which Mrs K Jamjoun is a partner.

### YEAR 2000

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year and will therefore need to be modified or replaced to record the year 2000. Our business does not depend on any computerised systems. However, we could be affected by the systems used by our suppliers and customers. As a result we could be at risk if other parties do not deal adequately with the year 2000 issue.

The directors have assessed the risks to the business resulting from the change to the year 2000 and estimate that the company will not incur any costs directly. We have also assessed the possibility of year 2000-related failures in our significant customers and suppliers, all of whom inform us that they are already dealing with the problem.

It is impossible to guarantee that no year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

### 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  
7 May 1999

## **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.

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

We have audited the financial statements on pages 4 to 11 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
and Registered Auditors

7 May 1999

# GULF CONSUMER GOODS COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 1998

	Note	1998 £	1997 £
<b>TURNOVER</b>	1/2	412,673	907,185
Cost of sales		(356,549)	(773,410)
Gross profit		<u>56,124</u>	<u>133,775</u>
Other operating income	3	79,703	93,642
Operating expenses		(172,648)	(225,651)
Depreciation on freehold revaluation		(1,958)	(1,958)
		<u>(94,903)</u>	<u>(133,967)</u>
<b>OPERATING LOSS</b>	6	<u>(38,779)</u>	<u>(192)</u>
Other interest receivable and similar income	7	411	1,890
Interest payable	8	(27,583)	(28,556)
		<u>(27,172)</u>	<u>(26,666)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(65,951)</u>	<u>(26,858)</u>
Tax on loss on ordinary activities	9	95	(95)
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	17	<u><u>(65,856)</u></u>	<u><u>(26,953)</u></u>

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

## RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses during the two financial years ended 31 December 1998 other than the loss for the year.

# GULF CONSUMER GOODS COMPANY LIMITED

## BALANCE SHEET 31 December 1998

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	10	389,141	416,931
Fixed asset investments	11	381,684	381,684
		<u>770,825</u>	<u>798,615</u>
<b>CURRENT ASSETS</b>			
Stocks	1	3,346	-
Debtors	12	196,892	494,217
Cash at bank and in hand		8,865	26,183
		<u>209,103</u>	<u>520,400</u>
<b>CREDITORS: amounts falling due within one year</b>			
Bank overdraft and loan	13	95,259	183,193
Trade creditors		9,850	48,499
Other creditors including taxation and social security	14	135,886	273,063
		<u>240,995</u>	<u>504,755</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<u>(31,892)</u>	<u>15,645</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>738,933</u>	<u>814,260</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
	15	(246,304)	(255,775)
		<u>492,629</u>	<u>558,485</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	250,000	250,000
Revaluation reserve	18	93,996	95,954
Profit and loss account	18	148,633	212,531
<b>SHAREHOLDERS' FUNDS</b>	19	<u>492,629</u>	<u>558,485</u>

These financial statements were approved by the Board of Directors on 7 May 1999

Signed on behalf of the Board

B K Chaiban  
Director

*B Chaiban*  
2.5.99

# GULF CONSUMER GOODS COMPANY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 1998

### 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 1998 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:

Freehold properties	- 50 years
Leasehold property	- over the period of the lease
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.

### 2. TURNOVER

	1998 £	1997 £
The geographical analysis of turnover is as follows:		
Africa	104,266	209,290
Middle East and Central Asia	199,300	409,451
United Kingdom	41,807	86,458
Eastern Europe	62,700	185,989
Other	4,600	15,997
	<u>412,673</u>	<u>907,185</u>

# GULF CONSUMER GOODS COMPANY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 1998

<b>3. OTHER OPERATING INCOME</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Rental income	16,536	27,612
Dividends received from the Food Centre	56,404	57,399
Interest charged to customers	6,763	8,631
	<u>79,703</u>	<u>93,642</u>
	<u><u>79,703</u></u>	<u><u>93,642</u></u>
 <b>4. EMPLOYEES</b>	 <b>1998</b>	 <b>1997</b>
	<b>No</b>	<b>No</b>
 Average number of persons employed including directors	 6	 7
	<u>6</u>	<u>7</u>
	<u><u>6</u></u>	<u><u>7</u></u>
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Staff costs during the year		
Wages and salaries	71,501	61,745
Social security costs	6,495	6,362
	<u>77,996</u>	<u>68,107</u>
	<u><u>77,996</u></u>	<u><u>68,107</u></u>
 <b>5. DIRECTORS</b>	 <b>1998</b>	 <b>1997</b>
	<b>£</b>	<b>£</b>
Emoluments of the directors included in note 4 above were:	26,750	21,683
	<u>26,750</u>	<u>21,683</u>
	<u><u>26,750</u></u>	<u><u>21,683</u></u>
 <b>6. OPERATING LOSS</b>	 <b>1998</b>	 <b>1997</b>
	<b>£</b>	<b>£</b>
Operating loss is arrived at after charging (crediting):		
Depreciation	29,425	28,671
Auditors' remuneration	3,000	2,750
Loss (profit) on exchange	2,819	(2,800)
	<u>35,244</u>	<u>28,621</u>
	<u><u>35,244</u></u>	<u><u>28,621</u></u>
 <b>7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME</b>	 <b>1998</b>	 <b>1997</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	411	1,890
	<u>411</u>	<u>1,890</u>
	<u><u>411</u></u>	<u><u>1,890</u></u>

# GULF CONSUMER GOODS COMPANY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 1998

8.	INTEREST PAYABLE	1998 £	1997 £			
	Bank interest payable on overdrafts and loans wholly repayable within five years	9,462	8,288			
	Interest charges payable on other short term loans	18,121	20,268			
		<u>27,583</u>	<u>28,556</u>			
		<u><u>27,583</u></u>	<u><u>28,556</u></u>			
9.	TAX ON LOSS ON ORDINARY ACTIVITIES	1998 £	1997 £			
	Taxation is based on the results for the year and comprises:					
	Corporation tax repayable (1997 – payable) at 21.75%	(95)	95			
		<u>(95)</u>	<u>95</u>			
		<u><u>(95)</u></u>	<u><u>95</u></u>			
10.	TANGIBLE FIXED ASSETS					
		Freehold properties £	Short leasehold property £	Motor vehicles £	Fixtures Fittings and Equipment £	Total £
	Cost or valuation					
	At 1 January 1998	236,048	309,758	2,000	75,420	623,226
	Additions	-	-	-	1,635	1,635
	At 31 December 1998	<u>236,048</u>	<u>309,758</u>	<u>2,000</u>	<u>77,055</u>	<u>624,861</u>
	Depreciation					
	At 1 January 1998	5,042	126,825	2,000	72,428	206,295
	Charge for the year	4,721	22,882	-	1,822	29,425
	At 31 December 1998	<u>9,763</u>	<u>149,707</u>	<u>2,000</u>	<u>74,250</u>	<u>235,720</u>
	Net book value					
	At 31 December 1998	<u>226,285</u>	<u>160,051</u>	<u>-</u>	<u>2,805</u>	<u>389,141</u>
	At 31 December 1997	<u>231,006</u>	<u>182,933</u>	<u>-</u>	<u>2,992</u>	<u>416,931</u>

The freehold property at Gulf House was revalued by the directors at open market value on 31 December 1996 in the sum of £220,000.

The cost or valuation of freehold properties at 31 December 1998 comprises:

At valuation	220,000
At cost	16,048
	<u>236,048</u>

Under the historical cost convention the cost of the freehold properties is £166,125 and as at 31 December 1998 the accumulated depreciation would be £43,798 and the net book value £122,327.

# GULF CONSUMER GOODS COMPANY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 1998

### 11. FIXED ASSET INVESTMENTS

	1998 £	1997 £
<b>Cost</b>		
Unlisted investment		
The Food Centre LLC	92,373	92,373
Shares in subsidiary company		
J A Ellaby (Wholesale) Limited	289,311	289,311
	<u>381,684</u>	<u>381,684</u>

The company holds a 16% interest in The Food Centre LLC, a company registered in Dubai. At 31 December 1998 the total net assets of The Food Centre LLC and its profit for the year then ended were £888,936 and £394,143 respectively.

The company holds a 54% interest in J A Ellaby (Wholesale) Limited, a company registered in the UK. At 31 December 1998 the total net assets of J A Ellaby (Wholesale) Limited and its profit after taxation for the year then ended were £387,408 and £18,141 respectively.

### 12. DEBTORS

	1998 £	1997 £
Trade debtors	149,312	419,268
Other debtors	43,862	71,519
Prepayments	3,718	3,430
	<u>196,892</u>	<u>494,217</u>

### 13. BANK OVERDRAFT AND LOAN

The bank overdraft is secured by a fixed and floating charge over the assets of the company. The bank loan is secured on certain of the company's freehold property.

### 14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1998 £	1997 £
Corporation tax	-	95
Other taxation and social security	-	3,080
Accruals and deferred income	13,400	22,004
Loan from connected company	122,429	222,545
Other creditors	57	25,339
	<u>135,886</u>	<u>273,063</u>

The loan from the connected company is unsecured and bears interest at 11% per annum.

# GULF CONSUMER GOODS COMPANY LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 1998

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1998 £	1997 £
Loan capital	197,304	196,775
Other loan	46,000	46,000
Bank loan	11,000	21,000
	<u>254,304</u>	<u>263,775</u>
Less bank loan due within one year	(8,000)	(8,000)
	<u>246,304</u>	<u>255,775</u>

16. BORROWINGS	1998 £	1997 £
Bank loan		
Due within one year	8,000	8,000
Due within one to two years	3,000	8,000
Due within two to five years	-	5,000
	<u>11,000</u>	<u>21,000</u>
Loan capital		
Due after five years	197,304	196,775
Other loans		
Due between one and two years	46,000	46,000
	<u>254,304</u>	<u>263,775</u>

The bank loan is secured on certain of the company's freehold property and bears interest at 3% above base.

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.

17. CALLED UP SHARE CAPITAL	1998 £	1997 £
Authorised		
750,000 ordinary shares of £1 each	750,000	750,000
	<u>750,000</u>	<u>750,000</u>
Allotted and fully paid		
250,000 ordinary shares of £1 each	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

# GULF CONSUMER GOODS COMPANY LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1998

### 18. STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation reserve £	Profit and loss account £	Total 1998 £	Total 1997 £
At 1 January 1998	95,954	212,531	308,485	335,438
Loss for year	-	(65,856)	(65,856)	(26,953)
Transfer re depreciation on revaluation	(1,958)	1,958	-	-
At 31 December 1998	<u>93,996</u>	<u>148,633</u>	<u>242,629</u>	<u>308,485</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	(65,856)	(26,953)
Other recognised gains and losses relating to the year:		
Opening shareholders' funds	558,485	585,438
Closing shareholders' funds	<u>492,629</u>	<u>558,485</u>

### 20. CONTROL AND RELATED PARTY TRANSACTIONS

The company is controlled by Thabeer Trading & Contracting Co., a partnership incorporated in Saudi Arabia.

During the year sales and purchases were made to and from the company's subsidiary, J A Ellaby (Wholesale) Limited, amounting to £41,807 and £53,086 respectively. These transactions were carried out on normal business terms and at 31 December 1998 J A Ellaby (Wholesale) Limited owed the company £6,198 (1997 - £29,949) in respect of this trading.

The company has also received a loan from J A Ellaby (Wholesale) Limited which at 31 December 1998 amounted to £46,000 (1997 - £46,000). This loan is interest free and has no specific repayment terms.