

Floreat Merchant Banking Limited
Audited Financial Statements
31 December 2015



CAAS
Chartered Accountants & Statutory Auditors
Suite 203, Second Floor
China House
401 Edgware Road
LONDON
NW2 6GY

Floreat Merchant Banking Limited

Financial Statements

Year ended 31 December 2015

Contents	Page
Officers and professional advisers	1
Independent auditor's report to the shareholder	2
Statement of financial position	4
Statement of changes in equity	5
Notes to the financial statements	6

Floreat Merchant Banking Limited

Officers and Professional Advisers

The board of directors

Mr H Otaibi
Mr J Wilcox
Mr M Otaibi

Registered office

Lilly House
13 Hanover Square
London
W1S 1HN

Senior Statutory Auditor

Zara Jackson ACA

Auditor

CAAS
Chartered Accountants & Statutory Auditors
Suite 203, Second Floor
China House
401 Edgware Road
LONDON
NW2 6GY

Floreat Merchant Banking Limited

Independent Auditor's Report to the Shareholder of Floreat Merchant Banking Limited

Year ended 31 December 2015

Although the company is only required to file a Balance Sheet, the Companies Act 2006 requires the accompanying Report of the Auditors to be a copy of our report to the members on the company's full Financial Statements and Report of the Directors. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors, referred to in the copy of our Report of the Auditors, are not required to be filed with the Registrar of Companies.

We have audited the financial statements of Floreat Merchant Banking Limited for the year ended 31 December 2015 which comprise the statement of financial position, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder 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, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

This is the first period Floreat Merchant Banking Limited has been audited, and we were unable to obtain sufficient appropriate audit evidence on the opening balances. Consequently, we were unable to determine whether any adjustments to these balances were necessary.

Floreat Merchant Banking Limited

Independent Auditor's Report to the Shareholder of Floreat Merchant Banking Limited (continued)

Year ended 31 December 2015

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In sole respect of the limitation on our work relating to the opening balances:

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the remaining 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



Zara Jackson ACA (Senior Statutory Auditor)

For and on behalf of
CAAS
Chartered Accountants & Statutory Auditors
Suite 203, Second Floor
China House
401 Edgware Road
LONDON
NW2 6GY

5 August 2016

Floreat Merchant Banking Limited

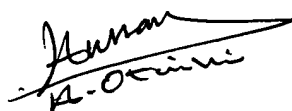
Statement of Financial Position

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	4	13,139	25,453
Current assets			
Debtors	5	2,729,858	3,611,411
Cash at bank and in hand		99,308	384,014
		<u>2,829,166</u>	<u>3,995,425</u>
Creditors: amounts falling due within one year	6	<u>899,206</u>	<u>3,316,677</u>
Net current assets		<u>1,929,960</u>	<u>678,748</u>
Total assets less current liabilities		<u>1,943,099</u>	<u>704,201</u>
Provisions			
Taxation including deferred tax	8	<u>2,628</u>	<u>4,191</u>
Net assets		<u>1,940,471</u>	<u>700,010</u>
Capital and reserves			
Called up share capital	10	351,000	351,000
Profit and loss account	11	<u>1,589,471</u>	<u>349,010</u>
Shareholder funds		<u>1,940,471</u>	<u>700,010</u>

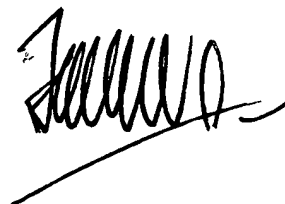
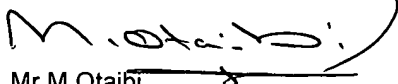
These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on 5 August 2016, and are signed on behalf of the board by:



Mr H Otaibi
Director

Mr J Wilcox
Director

Mr M Otaibi
Director

Company registration number: 06681961

The notes on pages 6 to 11 form part of these financial statements.

Floreat Merchant Banking Limited

Statement of Changes in Equity

Year ended 31 December 2015

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2014	351,000	14,383	365,383
Profit for the year	<u> </u>	389,627	389,627
Total comprehensive income for the year	—	389,627	389,627
Dividends paid and payable	<u> </u>	(55,000)	(55,000)
Total investments by and distributions to owners	—	(55,000)	(55,000)
At 31 December 2014	351,000	349,010	700,010
Profit for the year	<u> </u>	1,240,461	1,240,461
Total comprehensive income for the year	—	1,240,461	1,240,461
At 31 December 2015	<u>351,000</u>	<u>1,589,471</u>	<u>1,940,471</u>

The notes on pages 6 to 11 form part of these financial statements.

Floreat Merchant Banking Limited

Notes to the Financial Statements

Year ended 31 December 2015

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance are given in note 22.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Floreat Holding Limited which can be obtained from Lilly House, 13 Hanover Square, London, W1S 1HN. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.

Changes in accounting policies

There have been no changes in accounting policies as a result of the transition to FRS 102.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Floreat Merchant Banking Limited
Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Income tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Computer & IT Equipment	- 33% straight line
Fixtures & Fittings	- 20% straight line
Office Equipment	- 20% straight line

No depreciation is charged on Artworks acquired by the company which are recorded at cost.

Floreat Merchant Banking Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Floreat Merchant Banking Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

3. Auditor's remuneration

	2015 £	2014 £
Fees payable for the audit of the financial statements	<u>7,000</u>	<u>—</u>

4. Tangible assets

	Artwork £	Computer & IT Equipment £	Fixtures & Fittings £	Office Equipment £	Total £
Cost					
At 1 Jan 2015	4,500	15,588	8,884	5,340	34,312
Additions	—	—	—	261	261
Disposals	(4,500)	—	—	—	(4,500)
At 31 Dec 2015	<u>—</u>	<u>15,588</u>	<u>8,884</u>	<u>5,601</u>	<u>30,073</u>
Depreciation					
At 1 Jan 2015	—	5,420	2,535	904	8,859
Charge for the year	—	5,195	1,777	1,103	8,075
At 31 Dec 2015	<u>—</u>	<u>10,615</u>	<u>4,312</u>	<u>2,007</u>	<u>16,934</u>
Carrying amount					
At 31 Dec 2015	<u>—</u>	<u>4,973</u>	<u>4,572</u>	<u>3,594</u>	<u>13,139</u>
At 31 Dec 2014	<u>4,500</u>	<u>10,168</u>	<u>6,349</u>	<u>4,436</u>	<u>25,453</u>

5. Debtors

	2015 £	2014 £
Trade debtors	137,119	965,751
Amounts owed by group undertakings	2,086,966	783,321
Prepayments and accrued income	204,118	1,100,383
Other debtors	301,655	761,956
	<u>2,729,858</u>	<u>3,611,411</u>

Floreat Merchant Banking Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

6. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	100,238	918,784
Amounts owed to group undertakings	—	1,610,076
Accruals and deferred income	18,104	453,915
Corporation tax	440,576	106,205
Social security and other taxes	28,167	93,161
Director loan accounts	169,273	115,000
Other creditors	142,848	19,536
	<u>899,206</u>	<u>3,316,677</u>

7. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2015 £	2014 £
Included in provisions (note 14)	<u>2,628</u>	<u>4,191</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Accelerated capital allowances	<u>2,628</u>	<u>4,191</u>

8. Provisions

	Deferred tax (note 13) £
At 1 January 2015	4,191
Charge against provision	(1,563)
At 31 December 2015	<u>2,628</u>

9. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,829,166</u>	<u>3,995,425</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(901,834)</u>	<u>(3,320,868)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, accrued income, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, corporation tax and other tax and social security, deferred income and provisions.

Floreat Merchant Banking Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

10. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>351,000</u>	<u>351,000</u>	<u>351,000</u>	<u>351,000</u>

11. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

12. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Advances/ (credits) to the directors		Amounts repaid		Balance outstanding	
	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£
Mr M Otaibi	<u>169,273</u>	<u>(115,000)</u>	<u>—</u>	<u>—</u>	<u>169,273</u>	<u>(115,000)</u>

13. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2015	2014	2015	2014
	£	£	£	£
Floreat Capital Markets Limited	60,028	58,932	113,006	198,416
Floreat Private Limited	78,419	—	48,238	—
Floreat Real Estate Limited	78,719	51,401	69,935	339,494
Floreat Wealth Management Limited	41,037	51,381	74,878	245,411
Floreat Principal Investing Limited	4,998	—	—	—
Floreat House Limited	—	—	336	—
Floreat Holding Limited	<u>—</u>	<u>—</u>	<u>1,736,787</u>	<u>(1,610,076)</u>

The above transaction values relate to administrative costs charged by the company to its associated group companies.

14. Controlling party

The company is a wholly owned subsidiary of Floreat Holding Limited a company registered in England & Wales with registration number 08825511.

Floreat Holding Limited is the largest company that prepares consolidated accounts which include Floreat Merchant Banking Limited. Copies of the consolidated accounts can be obtained from its registered office: Lilly House, 13 Hanover Square, London, W1S 1HN.

15. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments were required in equity or profit or loss for the year.