

Registered number: 06822985

PetroSaudi International (UK) Limited

Directors' report and financial statements
for the year ended 31 December 2014



PetroSaudi International (UK) Limited

Company information

Directors	T A Buckland J Tindal-Robertson
Company number	06822985
Registered office	1 Curzon St London W1J 5HB
Auditors	Haines Watts Chartered Accountants & Statutory Auditor New Derwent House 69 – 73 Theobalds Road London WC1X 8TA
Bankers	HSBC Bank West End Commercial Centre 2 nd Floor 16 King Street Covent Garden London WC2E 9JF

PetroSaudi International (UK) Limited

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PetroSaudi International (UK) Limited

Strategic report

For the year ended 31 December 2014

This strategic report has been prepared solely to provide additional information to assess the company's strategies as described below.

The Directors, in preparing this strategic report have complied with s414C of the Companies Act 2006.

Strategic review

The Directors present a review of the development and performance of the business for the year to 31 December 2014.

Financial performance and strength continue to be the key performance indicators of the company with turnover, profit for the year and cash generated from operations the underlying performance markers.

During 2014, the company maintained its ability to support the on-going needs of the wider PetroSaudi International Group, generating turnover of £11,081,606 (2013: £12,160,629) through management service fees.

The company generated an operating profit of £657,983 (2013: £452,121) and cash from operations of £57,327 (2013: £139,666).

Principal risks and uncertainties

Credit risk

The company monitors credit risk closely and obtains credit reference information on its customers as a matter of course. The company's exposure to credit is reviewed on a regular basis by the directors, who consider the current policies meet their objective of managing exposure to credit risk.


Liquidity risk

The directors manage liquidity risk by maintaining adequate reserves and banking facilities and monitoring the forecast and actual cash flows on a regular basis.

Currency risk

The company transacts a proportion of its business in Venezuelan Bolivar and US Dollar and therefore has some exposure to foreign currency risk. The directors keep the level of such exposure under regular review.

This report was approved by the board on 17 February 2016 and signed on its behalf.



T A Buckland
Director

PetroSaudi International (UK) Limited

Directors' report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Directors' responsibilities statement.

The directors are responsible for preparing 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 adequate 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.

Principal activities

The principal activity of the company is the provision of administrative and management services to businesses within the PetroSaudi International Group.

Results

The profit for the year after taxation amounted to £366,164 (2013: £294,548).

Directors

The directors who served during the year were:

T A Buckland

J Tindal-Robertson

Provision of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

PetroSaudi International (UK) Limited

Directors' report

For the year ended 31 December 2014

Auditors

The auditors, Haines Watts, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 February 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'T A Buckland', written over a horizontal line.

T A Buckland

Director

PetroSaudi International (UK) Limited

Auditors' report

For the year ended 31 December 2014

To the shareholders of PetroSaudi International (UK) Limited

We have audited the financial statements of PetroSaudi International (UK) Limited for the year ended 31 December 2014, set out on pages 6-14. 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).

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 Strategic report and 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; 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.

PetroSaudi International (UK) Limited

Auditors' report

For the year ended 31 December 2014

Matters on which we are required to report by exception

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

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



Gary Staunton (Senior statutory auditor)

for and on behalf of
Haines Watts
Chartered Accountants
Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

17 February 2016

PetroSaudi International (UK) Limited

Profit and loss account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2	11,081,606	12,160,629
Cost of sales		(7,501,881)	(7,717,708)
		<hr/>	<hr/>
Gross profit		3,579,725	4,442,921
Administrative expenses		(2,921,742)	(3,990,800)
		<hr/>	<hr/>
Operating profit	3	657,983	452,121
Interest receivable and similar income		11	11
		<hr/>	<hr/>
Profit on ordinary activities before taxation		657,994	452,132
Tax on profit on ordinary activities	6	(291,830)	(157,584)
		<hr/>	<hr/>
(Loss) / profit for the financial year	12	366,164	294,548
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 9 to 14 form part of these financial statements.

Balance sheet

As at 31 December 2014

	Note	£	2014 £	2013 £
Fixed assets				
Tangible assets	7		552,759	799,784
Current assets				
Debtors: amounts falling due after more than one year	8	5,294,977	4,550,251	
Debtors: amounts falling due within one year	8	19,858,401	16,410,406	
Cash at bank and on hand		271,171	213,833	
		25,424,549	21,174,490	
Creditors: amounts falling due within one year	9	(9,412,937)	(8,932,517)	
Net current assets			16,011,612	12,241,973
Total assets less current liabilities			16,564,371	13,041,757
Creditors: amounts falling due after more than one year	10	(13,176,227)	(10,019,777)	
Net Assets			3,388,144	3,021,980
Capital and reserves				
Called up share capital	11	442,327	442,327	
Profit and loss account	12	2,945,817	2,579,653	
Shareholders funds	13	3,388,144	3,021,980	

The financial statements were approved by the Board of Directors and authorised for issue on 17 February 2016. They were signed on its behalf by:



T A Buckland
Director

The notes on pages 9 to 14 form part of these financial statements.

PetroSaudi International (UK) Limited

Cash flow statement

For the year ended 31 December 2014

	31 December 2014 £	31 December 2013 £
Operating activities		
Profit for the year	657,983	452,121
Depreciation of tangible fixed assets	247,025	251,279
(Increase) / Decrease in debtors	(319,410)	615,570
Increase / (Decrease) in creditors	109,563	(184,111)
(Decrease) / Increase in amounts owed to / by group undertakings	(250,597)	(277,374)
Tax paid	(387,237)	(717,819)
Net cash generated from / (used in) operating activities	57,327	139,666
Investing activities		
Interest received	11	11
Net cash used in investment and servicing of finance	11	11
Net increase in cash in the year	57,338	139,677

Reconciliation of net cash flow to movement in net funds/debt for the year ended 31 December 2014

	31 December 2014 £	31 December 2013 £
Increase in cash in the year	57,338	139,677
Movement in net debt in the year	57,338	139,677
Net funds at 1 January 2014	213,833	74,156
Net funds at 31 December 2014	271,171	213,833

The notes on pages 9 to 14 form part of these financial statements.

PetroSaudi International (UK) Limited

Notes to financial statements

For the year ended 31 December 2014

1. Significant accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

PetroSaudi International (UK) Limited has received loans from fellow group companies during the financial year to 31 December 2014. These loans, which have no fixed repayment date, have enabled the business to continue investing and developing for the future.

The directors have obtained a letter from those companies confirming that it is their current intention to continue to loan PetroSaudi International (UK) Limited further monies as and when they require them to enable the company to maintain a base in the United Kingdom.

As such the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is derived entirely from its parent company and fellow group subsidiaries. The turnover represents all of the company's costs, plus a 5-8% mark up.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short-term leasehold property	-	Over the life of the lease
Motor vehicles	-	33.3% straight line
Fixtures and fittings	-	13.3% - 20% straight line
Computer equipment	-	20% - 33.3% straight line

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

PetroSaudi International (UK) Limited

Notes to financial statements

For the year ended 31 December 2014

1. Significant accounting policies (continued)

Foreign currencies

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

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

Exchange gains and losses are recognised in the Profit and loss account.

2. Turnover

The whole of the turnover is attributable to its principal activity.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Operating lease rentals	911,109	614,307
Depreciation of tangible fixed assets		
- owned by the company	247,025	251,279
Auditor's remuneration	16,300	10,050
Difference on foreign exchange	(335,772)	607,201

4. Staff costs

Staff costs, including directors' remuneration were as follows:

	2014 £	2013 £
Wages and salaries	6,003,758	5,958,886
Social security costs	468,193	845,284
	<u>6,471,951</u>	<u>6,804,170</u>

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

	2014	2013
Administration	<u>20</u>	<u>25</u>

PetroSaudi International (UK) Limited

Notes to financial statements

For the year ended 31 December 2014

5. Directors' remuneration

	2014 £	2013 £
Emoluments	<u>1,097,443</u>	<u>2,040,910</u>

The highest paid director received remuneration of £946,443 (2013: £1,925,250).

6. Taxation

	2014 £	2013 £
UK corporation tax:		
Corporation tax on profits for the year	273,340	157,584
Adjustment in respect of prior periods	<u>18,490</u>	<u>-</u>
	<u>291,830</u>	<u>157,584</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 21.5% (2013: 23.75%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>657,994</u>	<u>452,132</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.75%)	141,424	107,381

Effects of:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	86,149	-
Depreciation for year in excess/(less than) of capital allowances	45,767	50,203
Adjustment in respect of prior periods	<u>18,490</u>	<u>-</u>
Current tax charge for the year (see note above)	<u>291,830</u>	<u>157,584</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

PetroSaudi International (UK) Limited

Notes to financial statements

For the year ended 31 December 2014

7. Tangible fixed assets

	S/term leasehold property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
As at 1 January 2014	1,032,257	94,314	250,775	259,223	1,636,569
As at 31 December 2014	1,032,257	94,314	250,775	259,223	1,636,569
Depreciation					
At 1 January 2014	(462,882)	(39,297)	(121,101)	(213,505)	(836,785)
Charge for the year	(138,015)	(31,438)	(35,230)	(42,342)	(247,025)
As at 31 December 2014	(600,897)	(70,735)	(156,331)	(255,847)	(1,083,810)
Net book value 31 December 2013	569,375	55,017	129,674	45,718	799,784
Net book value 31 December 2014	431,360	23,579	94,444	3,376	552,759

8. Debtors

	2014 £	2013 £
Due after more than one year		
Amounts owed by group undertakings	5,294,977	4,550,251
Due within one year		
Amounts owed by group undertakings	18,641,860	15,513,275
Other debtors	882,044	737,110
Prepayments and accrued income	334,497	160,021
	19,858,401	16,410,406

9. Creditors:

Amounts falling due within one year

	2014 £	2013 £
Trade creditors	720,099	215,918
Amounts owed to group undertakings	3,500,082	3,033,818
Corporation tax	243,340	338,747
Social security and other taxes	787,612	121,450
Accruals and deferred income	4,161,804	5,222,584
	9,412,937	8,932,517

PetroSaudi International (UK) Limited

Notes to financial statements

For the year ended 31 December 2014

10. Creditors:

Amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	13,176,227	10,019,777
	<u>13,176,227</u>	<u>10,019,777</u>

11. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
44,232,700 ordinary shares of £0.01 each	442,327	442,327
	<u>442,327</u>	<u>442,327</u>

12. Reserves

	2014 £	2013 £
At 1 January 2013	2,579,653	2,285,105
Profit for the year	366,164	294,548
At 31 December 2014	<u>2,945,817</u>	<u>2,579,653</u>

13. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	3,021,980	2,727,432
Profit for the year	366,164	294,548
Closing shareholder funds	<u>3,388,144</u>	<u>3,021,980</u>

PetroSaudi International (UK) Limited

Notes to financial statements

For the year ended 31 December 2014

14. Analysis of changes in net debt

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	213,833	57,338	-	271,171
	<u>213,833</u>	<u>57,338</u>	<u>-</u>	<u>271,171</u>

15. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Between one and five years	804,500	-
After more than five years	-	574,478
	<u>-</u>	<u>574,478</u>

16. Related party transactions

The company has taken advantage of the exemptions within FRS8 and has not disclosed any intra-group transactions.

17. Ultimate parent company

The company's immediate parent is PetroSaudi International, a company incorporated and registered in the Cayman Islands, by virtue of them holding the entire issued share capital of the company.

The company's ultimate parent company is PetroSaudi Holdings (Cayman) Limited, a company incorporated and registered in the Cayman Islands. No group accounts are maintained by the company or the group as there is no requirement. The ultimate controlling party is Tarek Obaid, by virtue of him owning the entire share capital of PetroSaudi Holdings (Cayman) Limited.