

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Strategic Report, Director's Report and**

**Audited Financial Statements**

**for the Year Ended 31 December 2016**

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**PETROSAUDI INTERNATIONAL (UK) LIMITED**

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for the year ended 31 December 2016**

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**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Company Information  
for the year ended 31 December 2016**

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**Director:** T A Buckland

**Registered office:** 1 Curzon Street  
London  
W1J 5HD

**Registered number:** 06822985

**Auditors:** Haines Watts  
Chartered Accountants & Statutory Auditor  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Strategic Report  
for the year ended 31 December 2016**

The director presents his strategic report for the year ended 31 December 2016.

**Review of business**

The Directors present a review of the development and performance of the business for the year to 31 December 2016.

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 2016, the company maintained its ability to support the on-going needs of the wider PetroSaudi International Group, generating turnover of £10,597,211 (2015: £10,472,526) through management service fees.

The company generated an operating profit £2,946,072 (2015: £2,165,721) and had a cash outflow from operations of £139,627 (2015: £124,340).

**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 director keeps the level of such exposure under regular review.

**Risk due to ongoing arbitration**

An affiliate of the group, PetroSaudi Oil Services (Venezuela) Limited ("PSOSVL"), is currently involved in a legal dispute with its main client, PDVSA Servicios S.A. ("PDVSA"), primarily regarding unpaid invoices under a drilling contract entered into between the parties in 2010.

An arbitral tribunal was appointed under the Rules of the United Nations Commission on International Trade Law ("UNCITRAL") to preside over the matter and rule on the claims and counter-claims. To date, the tribunal has issued several partial awards, the most notable of which was a partial award delivered in April 2017 following a hearing at the end of 2016. In that award the tribunal found predominantly in PSOSVL's favour with regard to the issues determined which related primarily to entitlement to dayrate remuneration.

PSOSVL's remaining claims are due to be heard in final hearings in December 2017 and June 2018; these claims relate primarily to unpaid dayrate invoices in the period since May 2016. There are also remaining claims that PDVSA has made against PSOSVL but that have not to date been fully pleaded or quantified and which will also be heard at those hearings.

**On behalf of the board:**

  
.....  
T A Buckland, Director

Date: .....

28 / 9 / 17

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Director's Report  
for the year ended 31 December 2016**

The director presents his report with the financial statements of the company for the year ended 31 December 2016.

**Principal activity**

The principal activity of the company in the year under review was that of the provision of administrative and management services to businesses within the PetroSaudi International Group.

**Dividends**

No dividends will be distributed for the year ended 31 December 2016.

**Directors**

T A Buckland has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

J Tindal-Robertson ceased to be a director after 31 December 2016 but prior to the date of this report.

**Results**

The profit for the year after taxation amounted to £2,140,818 (2015: £2,000,920).

**Statement of director's responsibilities**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**Statement as to disclosure of information to auditors**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**On behalf of the board:**

  
T A Buckland - Director

Date:

28/9/17

**Independent Auditors' Report to the Members of  
PetroSaudi International (UK) Limited**

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We have audited the financial statements of PetroSaudi International (UK) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 director and auditors**

As explained more fully in the Statement of Director's Responsibilities, the director is 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 director; 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 Director's 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Director's Report.

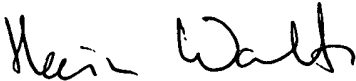
**Independent Auditors' Report to the Members of  
PetroSaudi International (UK) Limited**

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**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 director's 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

Date: .....

28/9/2017

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Statement of Comprehensive Income  
for the year ended 31 December 2016**

	<b>Notes</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Turnover</b>	<b>3</b>	<b>10,597,211</b>	10,472,526
<b>Cost of sales</b>		<b>(4,793,731)</b>	(5,918,218)
<b>Gross profit</b>		<b>5,803,480</b>	4,554,308
<b>Administrative expenses</b>		<b>(2,857,408)</b>	(2,388,587)
<b>Operating profit</b>		<b>2,946,072</b>	2,165,721
<b>Interest receivable and similar income</b>		<b>213</b>	11
<b>Profit before taxation</b>	<b>6</b>	<b>2,946,285</b>	2,165,732
<b>Tax on profit</b>	<b>7</b>	<b>(805,467)</b>	(164,812)
<b>Profit for the financial year</b>		<b>2,140,818</b>	2,000,920
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Total comprehensive income for the year</b>		<b>2,140,818</b>	2,000,920

The notes form part of these financial statements



**PETROSAUDI INTERNATIONAL (UK) LIMITED (REGISTERED NUMBER: 06822985)**

**Balance Sheet  
31 December 2016**

	Notes	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	8		186,066		353,807
<b>Current assets</b>					
Debtors	9	36,486,969		31,978,222	
Cash at bank and in hand		7,428		146,842	
		<u>36,494,397</u>		<u>32,125,064</u>	
<b>Creditors</b>					
Amounts falling due within one year	10	29,150,581		27,089,807	
<b>Net current assets</b>			<u>7,343,816</u>		<u>5,035,257</u>
<b>Total assets less current liabilities</b>			<u>7,529,882</u>		<u>5,389,064</u>
<b>Capital and reserves</b>					
Called up share capital	12		442,327		442,327
Retained earnings	13		7,087,555		4,946,737
<b>Shareholders' funds</b>			<u>7,529,882</u>		<u>5,389,064</u>

The financial statements were approved by the director on

28.09.2017

and were signed by:

.....  
T A Buckland - Director

The notes form part of these financial statements

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Statement of Changes in Equity  
for the year ended 31 December 2016**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2015</b>	442,327	2,945,817	3,388,144
<b>Changes in equity</b>			
Total comprehensive income	-	2,000,920	2,000,920
<b>Balance at 31 December 2015</b>	<u>442,327</u>	<u>4,946,737</u>	<u>5,389,064</u>
<b>Changes in equity</b>			
Total comprehensive income	-	2,140,818	2,140,818
<b>Balance at 31 December 2016</b>	<u><u>442,327</u></u>	<u><u>7,087,555</u></u>	<u><u>7,529,882</u></u>

The notes form part of these financial statements

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Cash Flow Statement  
for the year ended 31 December 2016**

	<b>Notes</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	(132,126)	(124,340)
Tax paid		(7,501)	-
Net cash from operating activities		<u>(139,627)</u>	<u>(124,340)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>213</u>	<u>11</u>
Net cash from investing activities		<u>213</u>	<u>11</u>
<b>Decrease in cash and cash equivalents</b>		<u>(139,414)</u>	<u>(124,329)</u>
<b>Cash and cash equivalents at beginning of year</b>	16	<b>146,842</b>	<b>271,171</b>
<b>Cash and cash equivalents at end of year</b>	16	<u><b>7,428</b></u>	<u><b>146,842</b></u>

The notes form part of these financial statements

## PETROSAUDI INTERNATIONAL (UK) LIMITED

### Notes to the Financial Statements for the year ended 31 December 2016

#### 1. Statutory information

Petrosaudi International (UK) Limited is a private company incorporated in England and Wales. The address of the registered office is 1 Curzon Street, London, W1J 5HD.

#### 2. Accounting policies

##### Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, on a going concern basis.

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

##### Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating bad debt provisions in relation to third party and intercompany debts. A full review of debtors has been carried out and whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provision do not match the level of debts which ultimately prove to be uncollectable. The potential risk of this is considered to be low.

##### Turnover

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

##### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

##### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### Operating leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

## **PETROSAUDI INTERNATIONAL (UK) LIMITED**

### **Notes to the Financial Statements - continued for the year ended 31 December 2016**

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#### **2. Accounting policies - continued**

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

##### **Going concern**

In previous years PetroSaudi International (UK) Limited has received loans from fellow group companies which have enabled the business to continue investing and developing for the future. Whilst no fixed repayment date was set by the group companies the loans have been granted on the basis of them being repayable on demand if the group needed to withdraw funding.

The directors have obtained a letter from those companies confirming the terms and that it is their current intention to continue to loan PetroSaudi International (UK) Limited further monies as needed so that the group is able to maintain a base in the United Kingdom.

An affiliate of the group, PetroSaudi Oil Services (Venezuela) Limited ("PSOSVL"), is currently involved in a legal dispute with its main client, PDVSA Servicios S.A. ("PDVSA"), primarily regarding unpaid invoices under a drilling contract entered into between the parties in 2010.

An arbitral tribunal was appointed under the Rules of the United Nations Commission on International Trade Law ("UNCITRAL") to preside over the matter and rule on the claims and counter-claims. To date, the tribunal has issued several partial awards, the most notable of which was a partial award delivered in April 2017 following a hearing at the end of 2016. In that award the tribunal found predominantly in PSOSVL's favour with regard to the issues determined which related primarily to entitlement to dayrate remuneration.

PSOSVL's remaining claims are due to be heard in final hearings in December 2017 and June 2018; these claims relate primarily to unpaid dayrate invoices in the period since May 2016. There are also remaining claims that PDVSA has made against PSOSVL but that have not to date been fully pleaded or quantified and which will also be heard at those hearings.

Notwithstanding the successful collection of outstanding amounts under the drilling contract, sufficient funds are available, due to successful collection of amounts under the standby letter of credit and tribunal awards, to ensure that PetroSaudi International (UK) Ltd has adequate resources to continue in operational existence for a period of at least twelve months.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **3. Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2016**

**4. Employees and directors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>4,046,873</b>	4,784,926
Social security costs	<b>322,236</b>	367,369
	<u><b>4,369,109</b></u>	<u>5,152,295</u>

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

	<b>2016</b>	<b>2015</b>
Administration	<u><b>18</b></u>	<u>18</u>

**5. Directors' emoluments**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u><b>1,021,470</b></u>	<u>1,119,705</u>

Information regarding the highest paid director is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Emoluments etc	<u><b>907,685</b></u>	<u>933,989</u>

**6. Profit before taxation**

The profit is stated after charging/(crediting):

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other operating leases	<b>916,467</b>	907,416
Depreciation - owned assets	<b>167,741</b>	198,952
Audit remuneration	<b>2,500</b>	13,800
Foreign exchange differences	<u><b>(2,452,840)</b></u>	<u>(1,440,049)</u>

**7. Taxation**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	<b>726,547</b>	438,152
Adjustment in respect of prior periods	<u><b>78,920</b></u>	<u>(273,340)</u>
Tax on profit	<u><b>805,467</b></u>	<u>164,812</u>

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2016**

**7. Taxation - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit before tax	<b>2,946,285</b>	<b>2,165,732</b>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	<b>589,257</b>	<b>438,561</b>
Effects of:		
Expenses not deductible for tax purposes	<b>12,095</b>	<b>40,553</b>
Depreciation in excess of capital allowances	<b>26,923</b>	<b>33,385</b>
Adjustments to tax charge in respect of previous periods	<b>78,920</b>	<b>(273,340)</b>
Group relief	<b>-</b>	<b>(74,275)</b>
Non-trading loan relationships	<b>98,272</b>	<b>-</b>
Other differences	<b>-</b>	<b>(72)</b>
Total tax charge	<b>805,467</b>	<b>164,812</b>

**8. Tangible fixed assets**

	<b>Short leasehold £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>Cost</b>					
At 1 January 2016					
and 31 December 2016	<b>1,032,257</b>	<b>250,775</b>	<b>94,314</b>	<b>259,223</b>	<b>1,636,569</b>
<b>Depreciation</b>					
At 1 January 2016	<b>738,411</b>	<b>190,814</b>	<b>94,314</b>	<b>259,223</b>	<b>1,282,762</b>
Charge for year	<b>137,515</b>	<b>30,226</b>	<b>-</b>	<b>-</b>	<b>167,741</b>
At 31 December 2016	<b>875,926</b>	<b>221,040</b>	<b>94,314</b>	<b>259,223</b>	<b>1,450,503</b>
<b>Net book value</b>					
At 31 December 2016	<b>156,331</b>	<b>29,735</b>	<b>-</b>	<b>-</b>	<b>186,066</b>
At 31 December 2015	<b>293,846</b>	<b>59,961</b>	<b>-</b>	<b>-</b>	<b>353,807</b>

**9. Debtors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	<b>35,233,874</b>	<b>30,925,027</b>
Other debtors	<b>901,077</b>	<b>705,579</b>
Prepayments and accrued income	<b>352,018</b>	<b>347,616</b>
	<b>36,486,969</b>	<b>31,978,222</b>

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2016**

**10. Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>825,904</b>	788,612
Amounts owed to group undertakings	<b>25,228,611</b>	23,634,672
Corporation tax	<b>1,206,118</b>	408,152
Social security and other taxes	<b>-</b>	148,717
Accruals and deferred income	<b>1,889,948</b>	2,109,654
	<b><u>29,150,581</u></b>	<u>27,089,807</u>

**11. Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	<b>804,500</b>	804,500
Between one and five years	<b>536,333</b>	1,340,833
	<b><u>1,340,833</u></b>	<u>2,145,333</u>

**12. Called up share capital**

**Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2016</b>	<b>2015</b>
			<b>£</b>	<b>£</b>
44,232,700	Ordinary shares	£0.01	<b><u>442,327</u></b>	<u>442,327</u>

**13. Reserves**

	<b>Retained earnings</b>
	<b>£</b>
At 1 January 2016	<b>4,946,737</b>
Profit for the year	<b><u>2,140,818</u></b>
At 31 December 2016	<b><u>7,087,555</u></b>

**14. Ultimate parent undertaking and controlling party**

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 group as there is no requirement.

The ultimate controlling party is Tarek Obaid, by virtue of his 100% shareholding in PetroSaudi Holdings (Cayman) Limited.



**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2016**

**15. Reconciliation of profit before taxation to cash generated from operations**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<b>2,946,285</b>	2,165,732
Depreciation charges	<b>167,741</b>	198,953
Finance income	<b>(213)</b>	(11)
	<b>3,113,813</b>	2,364,674
Increase in trade and other debtors	<b>(4,508,748)</b>	(6,824,844)
Increase in trade and other creditors	<b>1,262,809</b>	4,335,830
<b>Cash generated from operations</b>	<b>(132,126)</b>	(124,340)

**16. Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2016**

	<b>31/12/16</b>	<b>1/1/16</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>7,428</b>	<b>146,842</b>

**Year ended 31 December 2015**

	<b>31/12/15</b>	<b>1/1/15</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>146,842</b>	<b>271,171</b>