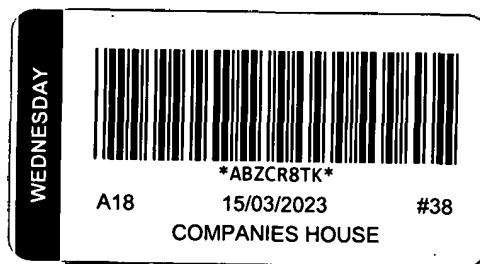


Amending Accounts

Company registration number 07815981 (England and Wales)

GULF CENTRAL MERCHANT BANK LTD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022



GULF CENTRAL MERCHANT BANK LTD

COMPANY INFORMATION

Director	Mr H Azalez
Secretary	Davanti Business Solutions Ltd
Company number	07815981
Registered office	22a St. James's Square London England SW1Y 4LB
Auditor	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA

GULF CENTRAL MERCHANT BANK LTD

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GULF CENTRAL MERCHANT BANK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The director presents the strategic report for the year ended 28 February 2022.

Fair Review of the Business

Gulf Central Merchant Bank Ltd February 2022 results were considered satisfactory by the directors who expect continued growth in the foreseeable future as the market stabilise after covid-19. At the year end the company had a turnover of £3,056,236. The turnover was lower than previous year due mostly to weaker trading volumes of self settling leveraged loans we have also seen a reduced gross profit due to a higher capex requirement as well as a less important level of performance fees received mainly due to the covid-19 pandemic impacting the global markets. Key performance indicator was the gross profit margin of 10.19%.

As merchant banking services and investment management providers, the directors consider that the key financial risk exposure faced by the company is related to operational risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs.

The company's financial risk management objectives are therefore to minimise the key financial risks through having clearly defined terms of business with counterparties and stringent credit control over transactions with them, and regular monitoring of cash flow and management accounts to ensure regulatory capital requirements are not breached and the company maintains adequate working capital. Scope and application of the requirements.

The company is authorised and regulated by the FCA and has permission to advise on, arrange and manage investments.

Principal Risks and Uncertainties

Risk management

The Directors determine the company's business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also determine how those risks may be mitigated and assess on an ongoing basis the arrangements to manage those risks. As merchant banking services and investment management providers, the directors consider that the key financial risk exposure faced by the company is related to operational risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. Another important consideration by the directors is the counterparty risk. In order to mitigate this, they use rigorous KYC processes and aim to work with Tier 1 counterparties mainly. The Directors meet on a regular basis and discuss current projections for profitability and regulatory capital management, business planning and risk management. The Directors manage the firm's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required. The firm is small with an operational infrastructure appropriate to its size. It carries no market risk; other than foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management and performance fees receivable. The firm follows the standardised approach to market risk and the simplified standard approach to credit risk. The firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge.

The firm is a limited license firm and as such its capital requirements are the greater of: Base capital requirement of €50,000; or the sum of its market and credit risk requirements; or its Fixed Overhead Requirement. It is the firm's experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material. The firm has not omitted any disclosures on the grounds of confidentiality

GULF CENTRAL MERCHANT BANK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

Development and Performance

The principal activity of the company continued to be that of a financial services company specialised in investment management and merchant banking services authorised by the Financial Conduct Authority.

The company has managed to achieve most of the management goals set in our 2021/2022 strategy last year; some of these goals will be completed this year due to the covid 19 situation:

- * Reassessing our business model as well as our marketing strategy
- * Exploring options to establish full Monaco branch instead of rep office: The board have decided not to proceed with application and reevaluate in Q3 2023.
- * We are currently in the process of launching our GCA Global Absolute Return Fund, the final decision will be determined by our existing investors' desire to move from a managed portfolio to a fund structure. Some potential institutional investors have expressed their interest in our GAR strategy which has achieved double digit returns consistently since inception
- * Successfully complete pending RE transactions: ongoing
- * Optimise our corporate finance services: Amar Hami our Head of Private Asset is leading our efforts with the guidance of Chris Baker our Chief Operating Officer

During our board meeting for 2022/2023 strategy, the management team have agreed the following:

- Reassessing our business model as well as our marketing strategy: launching a new website
- Launch our GCA Global Absolute Return Fund
- Successfully complete pending RE transactions
- Develop further our real estate advisory team

We would like to thank all our customers and business partners for the trust that they place in our company and our services. We value this trust greatly and would like to assure you that we will continue to do everything in our power to exceed your demands and expectations.

Key Performance Indicators

Information concerning the decision-making process.

Due to the size of the Firm, we do not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise, the Firm will consider amending this arrangement to provide greater independent review.

The Board of Gulf Central Merchant Bank Ltd is responsible for ensuring that the remuneration policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Managing Board.

GULF CENTRAL MERCHANT BANK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

Director's statement of compliance with duty to promote the success of the company

The director of the Company has acted in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders, employees and customers as a whole. In doing so the director has regarded (amongst other matters):

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly among shareholders, employees and customers of the Company.

On behalf of the board



Mr H Azaiez
Director

27 January 2023

GULF CENTRAL MERCHANT BANK LTD

DIRECTOR'S REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

The director presents his annual report and financial statements for the year ended 28 February 2022.

Principal activities

The principal activity of the company continued to be that of broking in trade receivable contracts and provision of investment management services.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £50,000. The director does not recommend payment of a final dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr H Azalez

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfill credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Post reporting date events

There are no post balance sheet events to report.

Future developments

The company continues to expand its client base and is actively exploring new markets.

Auditor

The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

GULF CENTRAL MERCHANT BANK LTD

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

Statement of director's responsibilities

The director is responsible for preparing the annual 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). 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:

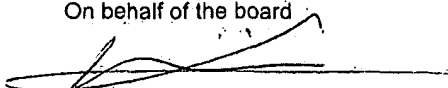
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 them 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr H Azaiez
Director

27 January 2023

GULF CENTRAL MERCHANT BANK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GULF CENTRAL MERCHANT BANK LTD

Opinion

We have audited the financial statements of Gulf Central Merchant Bank Ltd (the 'company') for the year ended 28 February 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

GULF CENTRAL MERCHANT BANK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GULF CENTRAL MERCHANT BANK LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Financial Conduct Authority (FCA), Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

GULF CENTRAL MERCHANT BANK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GULF CENTRAL MERCHANT BANK LTD

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates as set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Marks
Senior Statutory Auditor
For and on behalf of Fisher, Sassoon & Marks

27 January 2023

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

GULF CENTRAL MERCHANT BANK LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 £	2021 £
Turnover	3	3,056,230	4,679,474
Cost of sales		(2,744,920)	(4,162,526)
Gross profit		311,310	516,948
Administrative expenses		(279,281)	(277,271)
Operating profit	4	32,029	239,677
Interest receivable and similar income	7	7	52
Profit before taxation		32,036	239,729
Tax on profit	8	(6,087)	(45,549)
Profit for the financial year		25,949	194,180

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GULF CENTRAL MERCHANT BANK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022

	2022 £	2021 £
Profit for the year	25,949	194,180
Other comprehensive income	-	-
Total comprehensive income for the year	<u>25,949</u>	<u>194,180</u>

GULF CENTRAL MERCHANT BANK LTD

BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	£	2021 £	£
Current assets					
Debtors	11	1,167,030		99,951	
Cash at bank and in hand		417,174		560,322	
		<u>1,584,204</u>		<u>660,273</u>	
Creditors: amounts falling due within one year	12	<u>(1,259,437)</u>		<u>(311,455)</u>	
Net current assets			<u>324,767</u>		<u>348,818</u>
Capital and reserves					
Called up share capital	13		45,000		45,000
Profit and loss reserves			<u>279,767</u>		<u>303,818</u>
Total equity			<u>324,767</u>		<u>348,818</u>

The financial statements were approved and signed by the director and authorised for issue on 27 January 2023


Mr H Azalez
Director

Company Registration No. 07815981

GULF CENTRAL MERCHANT BANK LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 29 February 2020		45,000	192,638	237,638
Year ended 28 February 2021:				
Profit and total comprehensive income for the year		-	194,180	194,180
Dividends	9	-	(83,000)	(83,000)
Balance at 28 February 2021		45,000	303,818	348,818
Year ended 28 February 2022:				
Profit and total comprehensive income for the year		-	25,949	25,949
Dividends	9	-	(50,000)	(50,000)
Balance at 28 February 2022		45,000	279,767	324,767

GULF CENTRAL MERCHANT BANK LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	16		(46,106)		359,359
Income taxes paid			(54,549)		(73,542)
Net cash (outflow)/inflow from operating activities			(100,655)		285,817
Investing activities					
Repayment of loans		7,500		(7,500)	
Interest received		7		52	
Net cash generated from/(used in) investing activities			7,507		(7,448)
Financing activities					
Dividends paid		(50,000)		(83,000)	
Net cash used in financing activities			(50,000)		(83,000)
Net (decrease)/increase in cash and cash equivalents			(143,148)		195,369
Cash and cash equivalents at beginning of year			560,322		364,953
Cash and cash equivalents at end of year			417,174		560,322

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

Company information

Gulf Central Merchant Bank Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 22a St. James's Square, London, England, SW1Y 4LB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover from trading in trade receivable contracts are recognised on a trade date basis and represents the value of the principal contract traded. The corresponding purchase of the trade receivable contracts are recorded as a cost of sale.

Turnover earned from providing investment management services during the year, and is split between Management fees and Performance fees.

Management fees

Represent fees receivable for investment management services, exclusive of Value Added Tax, which are recognised on an accruals basis.

Management fees are recognised when the company obtains rights for consideration in exchange for its investment management services.

Performance fees

Represent fees that are payable in the event that the performance of the underlying investment exceeds a predetermined benchmark.

Performance fees receivable from funds are recognised in income when the fees crystallise.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Leveraged Loans Trading	2,706,397	4,104,486
Investment management	349,833	574,988
	<u>3,056,230</u>	<u>4,679,474</u>

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Other revenue		
	Interest income	7	52
		<u>7</u>	<u>52</u>
4	Operating profit	2022	2021
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses/(gains)	557	(7,794)
	Fees payable to the company's auditor for the audit of the company's financial statements	7,000	6,250
		<u>7,000</u>	<u>6,250</u>
5	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2022	2021
		Number	Number
	Director	1	1
		<u>1</u>	<u>1</u>
	Their aggregate remuneration comprised:		
		2022	2021
		£	£
	Wages and salaries	113,667	119,500
	Social security costs	18,116	15,258
		<u>131,783</u>	<u>134,758</u>
6	Director's remuneration	2022	2021
		£	£
	Remuneration for qualifying services	113,667	119,500
		<u>113,667</u>	<u>119,500</u>
7	Interest receivable and similar income	2022	2021
		£	£
	Interest income		
	Interest on bank deposits	7	52
		<u>7</u>	<u>52</u>

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7	52
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8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	6,087	45,549

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	32,036	239,729
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	6,087	45,549
Taxation charge in the financial statements	6,087	45,549

9 Dividends

	2022 £	2021 £
Interim paid	50,000	83,000

10 Financial Instruments

	2022 £	2021 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,137,317	89,501
Carrying amount of financial liabilities		
Measured at amortised cost	1,250,047	217,345

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2022

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,060,702	82,001
Corporation tax recoverable	2,913	-
Other debtors	76,615	7,500
Prepayments and accrued income	26,800	10,450
	<u>1,167,030</u>	<u>99,951</u>

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,285	6,000
Corporation tax	-	45,549
Other taxation and social security	9,390	48,561
Other creditors	69,999	70,599
Accruals and deferred income	1,177,763	140,746
	<u>1,259,437</u>	<u>311,455</u>

13 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>

The company has one class of ordinary shares which carry full rights in the company with respect to voting, dividends and distributions.

14 Directors' transactions

Dividends totalling £50,000 (2021 - £50,000) were paid in the year in proportion to the shareholder's equity.

At the year end the director was owed £99 by the company (2021: £99). The loan is interest free and unsecured.

15 Ultimate controlling party

Mr H Azalez has a controlling interest in the company.

GULF CENTRAL MERCHANT BANK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

16 Cash (absorbed by)/generated from operations

	2022 £	2021 £
Profit for the year after tax	25,949	194,180
Adjustments for:		
Taxation charged	6,087	45,549
Investment income	(7)	(52)
Movements in working capital:		
(Increase)/decrease in debtors	(1,071,666)	40,147
Increase in creditors	993,531	79,535
Cash (absorbed by)/generated from operations	<u>(46,106)</u>	<u>359,359</u>

17 Analysis of changes in net funds

	1 March 2021 £	Cash flows £	28 February 2022 £
Cash at bank and in hand	<u>560,322</u>	<u>(143,148)</u>	<u>417,174</u>