# Longulf Trading (UK) Limited

**Annual report and financial statements**

For the year ended 31 December 2021

Registered number: 01287237

# Company Information

| | |
|---|---|
| **Directors** | D A Saeed Anam<br>T A J Back<br>N D Marsden<br>P S Pieri<br>M D A Saeed |
| **Company secretary** | Grays's Inn Secretaries Limited |
| **Registered number** | 01287237 |
| **Registered office** | Prince Albert House<br>2 Kingsmill Terrace<br>London<br>NW8 6BN |
| **Independent auditor** | Buzzacott LLP<br>130 Wood Street<br>London<br>EC2V 6DL |
| **Bankers** | Barclays Bank plc<br>North West Larger Business Team<br>7th Floor<br>1 Marsden Street<br>Manchester<br>M2 1HW |
| **Solicitors** | SNR Denton UK LLP<br>1 Fleet Place<br>London<br>EC4M 7WS |

# Contents

# Directors' report

For the year ended 31 December 2021

The directors present their report and the financial statements of Longulf Trading (UK) Limited ('the company') for the year ended 31 December 2021.

**Directors**

The directors who served during the year were:

D A Saeed Anam
T A J Back
H B El-Kasar (resigned 13 July 2021)
N D Marsden
P S Pieri
M D A Saeed

**Results and dividends**

The profit for the year, after taxation, amounted to $2,335,737 (2020 - $1,144,844).

During the year, no dividend was recommended by the directors (2020 - $nil).

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 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'. 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 for the company's financial statements 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 directors are 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 to 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.

# Directors' report (continued)
For the year ended 31 December 2021

**Impact of COVID-19**

*Business operations*
The directors have made changes to the existing business continuity plans to cope with the spread of COVID-19. This includes the option to work from home for all our staff in London and our representative offices overseas. The disruption has affected the businesses, but the directors have continuously developed and reviewed plans to meet government priorities in individual countries in order to minimise the risk of disruption to the business. The directors hold regular Health and Safety meetings and have developed incident management and scenario planning that are specific to this crisis.

*Supply chain*
Notwithstanding the global disruption to the shipping and logistic supply chain, the geographical spread of the company's supply sources has helped the business to weather the crisis well. The company's prevailing model of being able to source the same products from different regions has been instrumental in being able to meet the demands of our customers. The relationship with the company's suppliers is built on many years of trust and this has been key to the company's success and continuous operation. The directors recognise at this difficult time it is even more important to engage with the company's suppliers, to understand how their businesses are being affected by the current and potential future impacts of COVID-19. The company tracks supplier location against geographic COVID-19 risk information and takes actions where necessary.

*Demand*
In general terms and because we are in the supply of food staples and packaging related industry, our business has been insulated to a large extent from big demand and supply shocks. Consumer demand has increased and increasing commodity prices has helped us to maintain strong forward orders.

*Going concern*
The company has prepared forecasts and projections for the next 12 months and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements.

There is adequate matching of projected cash inflows with projected cash outflows. This gives an indication in general terms how the directors expect the business of the company to fare, as well as providing assurance that projected cash assets will be able to meet its projected commitments. The directors are satisfied that the company is able to meet its working capital requirement through the normal cyclical nature of receipts and payments. No adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities. The company also has a number of overdraft and other financing facilities available for use to help manage working capital and any short-term liquidity requirements if needed. Whilst the overdraft facilities are repayable on demand, the directors are confident that the long-term relationships they have built with their lenders mean that these are considered highly unlikely to be recalled and therefore will remain available for use.

Apart from some of our operating markets where further restrictions have been re imposed due to a recent spike of COVID-19 cases, the majority of our markets are returning to pre-Covid era conditions. The impact on demand, supply chain and the business continuity plans are continuously being reassessed. The directors have assessed forecasts, projections and cash flows, considering possible outcomes of events and changes in conditions, and the realistically possible response to such events and conditions that are available. .

## Directors' report (continued)
For the year ended 31 December 2021

**Streamlined Carbon Energy Reporting ('SECR') exemption**

The company, as a qualifying entity, has taken advantage of the exemption from including its SECR requirements in these financial statements. The company's UK greenhouse gas emissions and energy use data are included in the group SECR report of the company's immediate parent company, Longulf Limited.

**Matters covered in the Strategic report**

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' report. It has done so in respect of discussion of future developments and engagement with suppliers, customers and others.

**Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor, Buzzacott LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 May 2022 and signed on its behalf by:

**D A Saeed Anam**
Director

# Strategic report

For the year ended 31 December 2021

The directors present the Strategic report of the company for the year ended 31 December 2021.

**Principal activity**

The principal activity of the company is that of supplying food and packing Raw Materials and Machinery to meet the needs of manufacturing companies.

**Business review and future developments**

The long-term objective of the business is to grow shareholder value. This is to be achieved through profitable growth in existing businesses and new business development, where appropriate. To achieve this, the Company engages a global network of suppliers and business partners.

The 2021 result was ahead of both last years and our initial budgets for the year. Sales grew by 64% mainly due to increased demand for food products due to the COVID-19 pandemic and our commitment to growth by expanding our business activities across several regions and markets. Our forward order book is strong, with committed volumes on core contracts until the end of 2022 and beyond. Our strategy is continuously reviewed by the Board considering the company's performance and changing market conditions to ensure it remains agile to support the growth and achieve the businesses' objectives.

We have a solid Balance Sheet and have had a further equity cash injection from our parent company to support further growth and expansion. During 2022 we will look to strengthen our forward order book by organic growth and in pursuing strategic work that complements our integrated expertise.

**Principal risks and uncertainties**

The Company uses various financial instruments: these include related party loans, overdraft facilities, cash, and other items such as trade and related party debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

No transactions in derivatives take place and the main risks arising from the Company's financial instruments are currency risk, credit risk, liquidity risk and interest rate risk.

*Currency risk*
The Company is exposed to transaction and foreign exchange risk. In relation to transaction risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowing in the same currency.

*Credit risk*
The Company's principal financial assets are its trade debtors and cash and its balances with group and related undertakings. Assessment and monitoring of existing and potential customers is now an integral part of our credit risk management system.

*Liquidity risk*
The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Company finances its operations through a mixture of retained profits, amounts provided by related undertakings and bank borrowings. Our banking facilities leave sufficient headroom to support future growth and development of new businesses.

*Interest rate risk*
Our banking facilities are denominated in US$ and subject to US Federal Reserve interest rate movement. Funding is at a fixed margin level relative to underlying base rates, depending on the type of facility. The Directors keep under review the potential for interest rate movement and its possible impact on our finance cost.

## Strategic report (continued)

For the year ended 31 December 2021

**Principal risks and uncertainties (continued)**

*COVID-19*

The COVID-19 pandemic represents the biggest test of the post financial system-crisis to date. The pandemic constitutes an unprecedented global macro-economic shock, pushing the global economy into a recession of uncertain magnitude and duration. The business and the Directors' prime focus in supplying Food and Packing Raw Materials and Machinery has shielded the business to a large extent. The Directors have seen growth in some of their product groups because of an increase in demand especially in food related activities. The Company's supplier geographical diversity remains a strength during these difficult times as the Company is represented in markets across the world including Europe, USA, Far East, India, as well as the Southern Hemisphere.

The impact of Brexit has been limited as the Company has no significant direct import/export activity with the EU. .

**Regulatory and compliance**

Our response to the regulatory and legal landscape continue to evolve across our business areas.

Our aim is to develop robust strategies which anticipate and adapt to regulatory change. In this respect we have put in place policies to monitor Anti-bribery and Corruption, Supplier Codes of Conduct and Modern Slavery compliance..

**Financial key performance indicators**

Our 2021 results demonstrate how we continue to build a stable sustainable business with turnover for the year at \$235.1m (2020: \$140.8m) and a pre-tax profit of \$2.9m (2020: \$1.3m). This margin and margin percentage is ahead of previous years and is a result of a huge amount of effort by our teams continuously improving the way we work, despite the prevailing market sector conditions.

The Directors measure the success of the Company by using several financial and non-financial measures to monitor progress against budgets, strategies and corporate objectives. This includes looking at growth in sales and profit, customer satisfaction and the amount of repeat business.

Sustainable growth is key to the success of our Company to meet both our financial and non-financial KPI's and to support our staff and other stakeholders. Significant competitive activities continue to influence our selling and pricing decisions. Given the competitive activity, general economic factors, and the liquidity conditions of the various markets we operate in, it is anticipated that the company will continue to grow.

Our reputation is crucial in our goal to continue our growth in a sustainable way. We believe that by supporting our stakeholders with our best endeavors, we will achieve this and continue to be considered an admirable corporate citizen and attractive to potential partners.

We appreciate that it is our people that make the difference. We are committed to investing in our employees and supporting them to achieve a successful career with us. We recognise that our people are the source of our success and continually invest in training and development to help our employees achieve their full potential and make sure they have the skills to keep us ahead of the competition.

The Board monitors and proactively reviews health and safety in all our operating units. Improving the working environment and avoiding or removing the threat to the safety and wellbeing of our employees, will remain a key management priority.

# Strategic report (continued)

For the year ended 31 December 2021

**Directors' statement of compliance with duty to promote the success of the company**

The Directors consider the following groups are the Company's key stakeholders. The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. We do this through various methods, including direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interests including discussions of proposed courses of action.

**Our Employees**

The strength of our business is built on the dedication and hard work of our employees. We place great emphasis on our customer service which helps us to build more relationships and growth to our businesses. Our marketplace is ever changing which requires us to adapt to frequent changes and tight turnaround. Recruitment and retention of staff is therefore a critical activity. The Directors use various ways of communicating and gathering feedbacks from employees.
These include:

- Providing training and career development support
- Involvement of staff from each department in all management meetings
- Encouraging the entire management team to be visible and approachable within the business.

The Board takes active steps to ensure that the suggestions, views, and interests of the workforce are captured and considered in our decision-making. Our colleagues rely on us to provide stable employment and opportunities that will enable them to realize their potential.

**Our Shareholders**

The sustainability of our business on a long-term basis depends on the continuous support of our immediate and ultimate shareholders. We rely on them as an essential source of capital to further our business objectives. They in turn rely on us to manage and protect their investments in a responsible way that generates value and return on their investment.

**Our Suppliers**

We rely on our Suppliers not only as a source of supply but also as business partners. We have built and maintain a reputation for transparency and fair dealing in our interaction with them.

They rely on us to generate revenue and growth in their business.

**Government, Regulators, and our Communities**

We seek to enjoy a constructive and cooperative relationship with the authorities. Directors are responsible for maintaining a robust governance framework.

Communities and the wider public expect us to act as a responsible Company and to minimize any adverse impact we might have on local communities.

**Our Customers**

Our customers are the reason we exist. They have limitless options and our marketplaces are ever changing. It is therefore essential that we are consistently delivering value for them in our transactions.

The Executive Directors provide regular updates to the Board on their views on the market. The interests of Customers are considered in key decisions.

Our Customers rely on, and value the high degree of expertise in being able to source their raw materials effectively and efficiently across the globe. Our closeness to our market through our Representative Offices helps us to further develop our relationships with our existing customers and to identify new ones.

**Engaging with Banks, Lenders and Insurers**

The company maintained a positive cash position throughout the year and we continue to review current lending facilities to ensure they are adequate for our requirement and sufficient to support our growth. The Finance Director meets regularly with representatives of our bankers and insurers and we have built strong relationships with both these stakeholder groups.

## Strategic report (continued)
For the year ended 31 December 2021

This report was approved by the board on 25 May 2022 and signed on its behalf by:

D A Saeed Anam
Director

Buzzacott

# Independent auditor's report to the members of Longulf Trading (UK) Limited

For the year ended 31 December 2021

**Opinion**

We have audited the financial statements of Longulf Trading (UK) Limited (the 'company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of 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 31 December 2021 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 United Kingdom, including the Financial Reporting Council'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 directors' 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 directors 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 directors are 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.

# Independent auditor's report to the members of Longulf Trading (UK) Limited (continued)

For the year ended 31 December 2021

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### 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 Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

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, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have 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.

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:

Buzzacott

## Independent auditor's report to the members of Longulf Trading (UK) Limited (continued)

For the year ended 31 December 2021

**Auditor's responsibilities for the audit of the financial statements (continued)**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulation;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations;
- we considered the impact of COVID-19 on the company and its internal controls;
- we focused our planned audit work 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 Companies Act 2006, employment legislation, and taxation legislation; and
- we considered the impact of Brexit on the company and the laws and regulations above.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

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

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process, taking into account the impact of COVID-19 on controls during the year;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior year;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;
- tested revenue by obtaining details of shipments which occured during the period. We obtained the corresponding invoices and bills of lading and investigated any material variances to expectations; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

# Independent auditor's report to the members of Longulf Trading (UK) Limited (continued)

For the year ended 31 December 2021

**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.

Buzzacott LLP

Philip Westerman (Senior statutory auditor)
for and on behalf of
**Buzzacott LLP**
Statutory Auditor
130 Wood Street
London
EC2V 6DL

25 May 2022

## Statement of comprehensive income

For the year ended 31 December 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| Turnover | 4 | **235,127,164** | 140,821,078 |
| Cost of sales | | **(226,151,693)** | (134,704,672) |
| **Gross profit** | | **8,975,471** | 6,116,406 |
| Administrative expenses | | **(4,632,392)** | (4,041,347) |
| **Operating profit** | 5 | **4,343,079** | 2,075,059 |
| Interest receivable and similar income | 9 | **22,500** | 47,969 |
| Interest payable and similar expenses | 10 | **(1,482,964)** | (829,252) |
| **Profit before tax** | | **2,882,615** | 1,293,776 |
| Tax on profit | 11 | **(546,878)** | (148,932) |
| **Profit for the financial year** | | **2,335,737** | 1,144,844 |

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 or 2020.

The notes on pages 15 to 30 form part of these financial statements.

## Statement of financial position

As at 31 December 2021

| | Note | | 2021<br>$ | | 2020<br>$ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **239,161** | | 343,775 |
| Tangible assets | 13 | | **671,641** | | 1,044,276 |
| Investments | 14 | | **252** | | 252 |
| | | | **911,054** | | 1,388,303 |
| **Current assets** | | | | | |
| Stocks | 15 | **183,931** | | 7,645,209 | |
| Debtors | 16 | **38,579,223** | | 19,852,706 | |
| Cash at bank and in hand | 17 | **13,931,814** | | 11,796,846 | |
| | | **52,694,968** | | 39,294,761 | |
| Creditors: amounts falling due within one year | 18 | **(28,886,749)** | | (23,038,772) | |
| **Net current assets** | | | **23,808,219** | | 16,255,989 |
| **Total assets less current liabilities** | | | **24,719,273** | | 17,644,292 |
| Creditors: amounts falling due after more than one year | 19 | | **(103,074)** | | (363,830) |
| **Net assets** | | | **24,616,199** | | 17,280,462 |
| **Capital and reserves** | | | | | |
| Called up share capital | 20 | | **15,002,689** | | 10,002,689 |
| Profit and loss account | 21 | | **9,613,510** | | 7,277,773 |
| | | | **24,616,199** | | 17,280,462 |

The financial statements were approved and authorised for issue by the board on 25 May 2022 and were signed on its behalf by:

**D A Saeed Anam**
Director

The notes on pages 15 to 30 form part of these financial statements.

## Statement of changes in equity
For the year ended 31 December 2021

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | $ | $ | $ |
| **At 1 January 2020** | **10,002,689** | **6,132,929** | **16,135,618** |
| **Comprehensive income for the year** | | | |
| Profit for the year | **-** | **1,144,844** | **1,144,844** |
| **Total comprehensive income for the year** | **-** | **1,144,844** | **1,144,844** |
| **At 1 January 2021** | **10,002,689** | **7,277,773** | **17,280,462** |
| **Comprehensive income for the year** | | | |
| Profit for the year | **-** | **2,335,737** | **2,335,737** |
| **Total comprehensive income for the year** | **-** | **2,335,737** | **2,335,737** |
| Shares issued during the year | **5,000,000** | **-** | **5,000,000** |
| **At 31 December 2021** | **15,002,689** | **9,613,510** | **24,616,199** |

The notes on pages 15 to 30 form part of these financial statements.

# Notes to the financial statements
For the year ended 31 December 2021

## 1. General information

Longulf Trading (UK) Limited is a company incorporated in England and Wales. Its registration number is 01287237. The registered office is Prince Albert House, 2 Kingsmill Terrace London NW8 6BN.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Longulf Limited as at 31 December 2021 and these financial statements may be obtained from Registrar of Companies.

### 2.3 Going concern

The financial statements have been prepared on a going concern basis.

The company has prepared forecasts and projections for the next 12 months and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements.

There is adequate matching of projected cash inflows with projected cash outflows. This gives an indication in general terms how the directors expect the business of the company to fare, as well as providing assurance that projected cash assets will be able to meet its projected commitments. The directors are satisfied that the company is able to meet its working capital requirement through the normal cyclical nature of receipts and payments. No adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities.

# Notes to the financial statements
For the year ended 31 December 2021

**2. Accounting policies (continued)**

**2.3 Going concern (continued)**

The directors have assessed the impacts of COVID-19 and the company's ability to continue as a going concern. The directors have considered the current economic uncertainty and market volatility caused by COVID-19. The impact on demand, supply chain and the business continuity plans have also been assessed. The directors have assessed forecasts, projections and cashflows, considering possible outcomes of events and changes in conditions, and the realistically possible response to such events and conditions that are available. The company also has a number of overdraft and other financing facilities available for use to help manage working capital and any short term liquidity requirements if needed. Whilst the overdraft facilities are repayable on demand, the directors are confident that the long term relationships they have built with their lenders mean that these are considered highly unlikely to be recalled and therefore will remain available for use.

**2.4 Exemption from preparing consolidated financial statements**

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**2.5 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is USD.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains or losses are recognised in 'administrative expenses'.

# Notes to the financial statements
For the year ended 31 December 2021

## 2. Accounting policies (continued)

### 2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 2.8 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

### 2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

# Notes to the financial statements
For the year ended 31 December 2021

## 2. Accounting policies (continued)

### 2.12 Pensions

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

### 2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | |
|---|---|---|
| Software | - | 25% per annum on cost |

# Notes to the financial statements

For the year ended 31 December 2021

## 2. Accounting policies (continued)

### 2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Leasehold improvements | - | 15% |
| Fixtures and fittings | - | 25% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss

### 2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Notes to the financial statements

For the year ended 31 December 2021

## 2. Accounting policies (continued)

### 2.21 *Financial instruments*

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Revenue recognition

With regards to revenue recognition, the directors have considered whether the relationship with customers and suppliers constitutes that of an agent or principal. On the basis of the terms of the agreements with these parties and the risks the company is exposed to as a result, the directors have made the judgement that it is appropriate to recognise revenue as a principal.

Related parties

In the opinion of the directors, other than entities that are included in the group wholly owned by Capital House Investments Limited, they confirm that the company has not traded with or has any outstanding balances with any entities that Capital House Investments Limited has control or significant influence over. Therefore there are no related party transactions or balances that require disclosure in these financial statements.

# Notes to the financial statements
For the year ended 31 December 2021

## 4. Turnover

The whole of the turnover is attributable to amounts invoiced in respect of goods and services supplied during the year, excluding value added tax, where applicable.

Analysis of turnover by country of destination:

| | 2021 $ | 2020 $ |
|---|---|---|
| United Kingdom | **2,509,089** | 2,089,989 |
| Rest of the world | **232,618,075** | 138,731,089 |
| | **235,127,164** | 140,821,078 |

## 5. Operating profit

The operating profit is stated after charging/(crediting):

| | 2021 $ | 2020 $ |
|---|---|---|
| Depreciation of tangible fixed assets | **433,362** | 475,531 |
| Amortisation of intangible fixed assets | **109,660** | 117,800 |
| Exchange differences | **(239,704)** | (591,272) |
| Other operating lease rentals | **264,602** | 254,593 |

## 6. Auditor's remuneration

| | 2021 $ | 2020 $ |
|---|---|---|
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | **76,728** | 68,305 |

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

# Notes to the financial statements
For the year ended 31 December 2021

## 7. Employees

Staff costs, during the year, were as follows:

| | 2021 $ | 2020 $ |
|---|---|---|
| Wages and salaries | **4,554,251** | 3,350,983 |
| Social security costs | **490,360** | 388,171 |
| Cost of defined contribution scheme | **253,162** | 195,728 |
| | **5,297,773** | 3,934,882 |

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

| | 2021 No. | 2020 No. |
|---|---|---|
| Management and administration | **46** | 40 |
| Sales | **16** | 16 |
| Directors | **5** | 6 |
| | **67** | 62 |

## 8. Directors' remuneration

| | 2021 $ | 2020 $ |
|---|---|---|
| Directors' emoluments | **538,923** | 510,019 |
| Company contributions to defined contribution pension schemes | **54,581** | 51,154 |
| | **593,504** | 561,173 |

## 9. Interest receivable

| | 2021 $ | 2020 $ |
|---|---|---|
| Other interest receivable | **22,500** | 47,969 |
| | **22,500** | 47,969 |

# Notes to the financial statements

For the year ended 31 December 2021

## 10. Interest payable and similar expenses

| | 2021 $ | 2020 $ |
|---|---|---|
| Bank interest payable | **273,400** | 124,994 |
| Other loan interest payable | **1,209,564** | 704,258 |
| | **1,482,964** | 829,252 |

## 11. Taxation

| | 2021 $ | 2020 $ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **546,878** | 233,554 |
| Adjustments in respect of previous periods | - | (84,622) |
| | **546,878** | 148,932 |
| **Total current tax** | **546,878** | 148,932 |
| **Deferred tax** | | |
| **Total deferred tax** | - | - |
| **Taxation on profit on ordinary activities** | **546,878** | 148,932 |

# Notes to the financial statements

For the year ended 31 December 2021

## 11. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 $ | 2020 $ |
|---|---|---|
| Profit on ordinary activities before tax | **2,882,615** | 1,293,776 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | **547,697** | 245,817 |
| **Effects of:** | | |
| Fixed asset differences | **10,417** | 14,712 |
| Expenses not deductible for tax purposes | **8,002** | 428 |
| Adjustments to tax charge in respect of prior periods | **-** | (84,622) |
| Exchange rate differences | **18,512** | 14,223 |
| Deferred tax not recognised | **101,749** | 50,699 |
| Remeasurement of deferred tax for changes in tax rates | **(50,530)** | (6,599) |
| Group relief claimed | **(88,969)** | (85,726) |
| **Total tax charge for the year** | **546,878** | 148,932 |

### Factors that may affect future tax charges

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill confirms an increase in the corporation tax rate from 1 April 2023. From this date, the rate will taper from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000. The deferred taxes at the reporting date and reflected in these financial statements have been measured using the enacted tax rate at 31 December 2021 of 25% (2020: 19%).

# Notes to the financial statements
For the year ended 31 December 2021

## 12. Intangible assets

| | Computer software $ |
|---|---|
| **Cost** | |
| At 1 January 2021 | 1,255,604 |
| Additions | 5,046 |
| At 31 December 2021 | 1,260,650 |
| **Amortisation** | |
| At 1 January 2021 | 911,829 |
| Charge for the year | 109,660 |
| At 31 December 2021 | 1,021,489 |
| **Net book value** | |
| At 31 December 2021 | 239,161 |
| At 31 December 2020 | 343,775 |

# Notes to the financial statements

For the year ended 31 December 2021

## 13. Tangible fixed assets

| | Leasehold improvements $ | Fixtures and fittings $ | Total $ |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 January 2021 | **3,202,165** | **487,284** | **3,689,449** |
| Additions | **11,211** | **49,516** | **60,727** |
| Disposals | **-** | **(26,460)** | **(26,460)** |
| At 31 December 2021 | **3,213,376** | **510,340** | **3,723,716** |
| **Depreciation** | | | |
| At 1 January 2021 | **2,289,435** | **355,738** | **2,645,173** |
| Charge for the year | **338,437** | **94,925** | **433,362** |
| Disposals | **-** | **(26,460)** | **(26,460)** |
| At 31 December 2021 | **2,627,872** | **424,203** | **3,052,075** |
| **Net book value** | | | |
| At 31 December 2021 | **585,504** | **86,137** | **671,641** |
| At 31 December 2020 | 912,730 | 131,546 | 1,044,276 |

# Notes to the financial statements
For the year ended 31 December 2021

## 14. *Fixed asset investments*

| | Investment in subsidiary companies $ |
|---|---|
| At 1 January 2021 | **252** |
| **Net book value** | |
| At 31 December 2021 | **252** |
| At 31 December 2020 | 252 |

At 31 December 2021, the following were subsidiary undertakings of the company:

| Name | Principal activity | Class of shares | Holding |
|---|---|---|---|
| Sheba Coffee Ltd | Import/export principal | Ordinary | 100% |
| Innovative Efficient Solutions Limited | Other engineering activities | Ordinary | 100% |
| Sheba Speciality Coffee Ltd | Dormant | Ordinary | 100% |

Hangzhou Xibao Food Trading Limited is 100% owned by Sheba Coffee Ltd.

The registered office of all subsidiary undertakings apart from Hangzhou Xibao Food Trading Limited is Prince Albert House, 2 Kingsmill Terrace, London, NWB 6BN.

The registered office of Hangzhou Xibao Food Trading Limited is Room 1206, 12th Floor, Huaxing Century Mansion, 317 Wantang Road, Xihu District, Hangzhou, Zhejiang Province.

## 15. Stocks

| | 2021 $ | 2020 $ |
|---|---|---|
| Finished goods and goods for resale | **183,931** | 7,645,209 |
| | **183,931** | 7,645,209 |

# Notes to the financial statements
For the year ended 31 December 2021

## 16. Debtors

| | 2021 $ | 2020 $ |
|---|---|---|
| Trade debtors | **19,952,806** | 12,186,379 |
| Amounts owed by group undertakings | **3,400,256** | 1,678,330 |
| Other debtors | **768,133** | 444,653 |
| Prepayments and accrued income | **14,458,028** | 5,543,344 |
| | **38,579,223** | 19,852,706 |

## 17. Cash and cash equivalents

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank and in hand | **13,931,814** | 11,796,846 |
| Less: bank overdrafts | **(310,359)** | (1,775,150) |
| | **13,621,455** | 10,021,696 |

## 18. Creditors: amounts falling due within one year

| | 2021 $ | 2020 $ |
|---|---|---|
| Bank overdrafts | **310,359** | 1,775,150 |
| Trade creditors | **16,021,084** | 6,556,920 |
| Amounts owed to group undertakings | **111,422** | 9,593,671 |
| Corporation tax | **508,594** | 197,361 |
| Other taxation and social security | **126,965** | 114,919 |
| Obligations under finance lease and hire purchase contracts | **207,458** | 217,534 |
| Other creditors | **2,574** | 2,959 |
| Accruals and deferred income | **11,598,293** | 4,580,258 |
| | **28,886,749** | 23,038,772 |

# Notes to the financial statements
For the year ended 31 December 2021

## 19. Creditors: amounts falling due after more than one year

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Net obligations under finance leases and hire purchase contracts | **103,074** | 363,830 |
| | **103,074** | 363,830 |

## 20. Share capital

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| **Allotted, called up and fully paid** | | |
| 11,160,224 (2020 - 7,440,816) Ordinary shares of $1.3443 each | **15,002,689** | 10,002,689 |

During the year, the company issued 3,719,408 Ordinary share with a nominal value of $1.3443.

## 21. Reserves

**Profit and loss account**

The profit and loss account includes all retained profits and losses.

## 22. Contingent liabilities

The company has issued letters of credit under a banking facility in the normal course of business.

The company had no other contingent liabilities at 31 December 2021 or 31 December 2020.

## 23. Capital commitments

The company held no capital commitments at 31 December 2021 or 31 December 2020.

## 24. Commitments under operating leases

At 31 December 2021, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Not later than 1 year | **193,545** | 193,545 |
| Later than 1 year and not later than 5 years | **96,772** | 290,317 |
| | **290,317** | 483,862 |

## Notes to the financial statements
For the year ended 31 December 2021

### 25. Related party transactions

During the year ended 31 December 2021, the company earned revenue of $22,298,397 from entities included in the group headed by Capital House Investments Limited, the ultimate parent undertaking. At 31 December 2021, $11,427,221 was owed from these related parties, which is included in trade debtors in Note 16. These are related entities as they are controlled by but not wholly owned by Capital House Investments Limited.

The company has taken advantage of the disclosure exemptions in paragraph 33.1A of FRS 102 to not disclose transactions with group companies which are wholly owned by Capital House Investments Limited.

### 26. Controlling party

The immediate parent undertaking is Longulf Limited, which is registered in England and Wales and owns 100% of the issued share capital of the company.

The ultimate parent undertaking and controlling party is Capital House Investments Limited, a company incorporated in the Cayman Islands.

The smallest and the largest group of undertakings for which consolidated group accounts, which include the company, have been drawn up is headed by Longulf Limited. Longulf Limited has the same registered office as the company.