

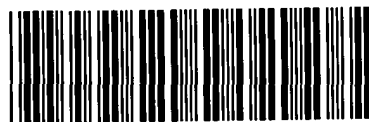
**PETROSAUDI INTERNATIONAL (UK) LIMITED**

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

**Audited Financial Statements**

**for the Year Ended 31 December 2017**

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**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Contents of the Financial Statements  
for the year ended 31 December 2017**

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**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Company Information  
for the year ended 31 December 2017**

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**Director:** T A Buckland

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

**Registered number:** 06822985

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

# PETROSAUDI INTERNATIONAL (UK) LIMITED

## Strategic Report for the year ended 31 December 2017

The director presents his strategic report for the year ended 31 December 2017.

### Review of business

The Directors present a review of the development and performance of the business for the year to 31 December 2017.

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

During 2017, the company maintained its ability to support the on-going needs of the wider PetroSaudi International Group, generating turnover of £8,467,984 (2016: £10,597,211) through management service fees.

The company generated an operating loss of £4,786,288 (profit in 2016: £2,946,285) and had a cash outflow from operations of £19,132 (2016: £139,627).

### Principal risks and uncertainties

#### Credit risk

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

#### Liquidity risk

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

#### Currency risk

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

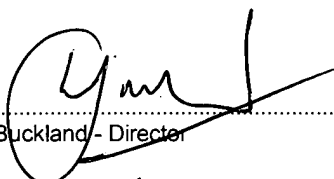
#### Risk due to ongoing arbitration

An affiliate of the group, PetroSaudi Oil Services (Venezuela) Limited ("PSOSVL"), is currently involved in a legal dispute with its main client, PSDVSA Servicios S.A. ("PDVSA"), primarily regarding unpaid invoices under a drilling contract entered into between the parties in 2010. As the primary recipient of the company's services and therefore its primary source of income, the outcome of the legal case is fundamental to the financial position of the company.

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

PSOSVL's remaining claims are due to be heard in a final hearing in December 2018; these claims relate primarily to unpaid dayrate invoices in the period since May 2016. PDVSA's remaining claims presently relate to periods prior to 2015 and post May 2016 which include claims for damages for alleged negligence in the performance of the contract.

On behalf of the board:

  
.....  
T A Buckland - Director

Date: 10/10/2018

# PETROSAUDI INTERNATIONAL (UK) LIMITED

## Director's Report for the year ended 31 December 2017

The director presents his report with the financial statements of the company for the year ended 31 December 2017.

### Principal activity

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

### Dividends

No dividends will be distributed for the year ended 31 December 2017.

### Directors

T A Buckland has held office during the whole of the period from 1 January 2017 to the date of this report.

Other changes in directors holding office are as follows:

J Tindal-Robertson - resigned 18 April 2017

### Results

The loss for the year after taxation amounted to £4,788,308 (profit in 2016: £2,140,818).

### Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement as to disclosure of information to auditors

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

On behalf of the board:

  
T A Buckland, Director

Date: 10/10/2018

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

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**Opinion**

We have audited the financial statements of PetroSaudi International (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, 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 2017 and of its loss 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 Auditors' 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Director's Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

**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 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.

**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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

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**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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.

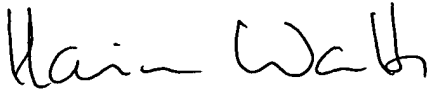
**Auditors' responsibilities for the audit of the financial statements**

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 Auditors' 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gary Staunton (Senior Statutory Auditor)  
for and on behalf of Haines Watts  
Chartered Accountants & Statutory Auditor  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA

12 October 2018

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Statement of Comprehensive Income  
for the year ended 31 December 2017**

	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Turnover</b>	<b>3</b>	<b>8,467,984</b>	10,597,211
Cost of sales		<u>(4,159,038)</u>	<u>(4,793,731)</u>
<b>Gross profit</b>		<b>4,308,946</b>	5,803,480
Administrative expenses		<u>(9,095,234)</u>	<u>(2,857,408)</u>
<b>Operating (loss)/profit</b>		<b>(4,786,288)</b>	2,946,072
Interest receivable and similar income		<u>-</u>	<u>213</u>
<b>(Loss)/profit before taxation</b>	<b>6</b>	<b>(4,786,288)</b>	2,946,285
Tax on (loss)/profit	<b>7</b>	<u>(2,020)</u>	<u>(805,467)</u>
<b>(Loss)/profit for the financial year</b>		<u><b>(4,788,308)</b></u>	<u><b>2,140,818</b></u>

The notes form part of these financial statements




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

Balance Sheet  
31 December 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	8		69,494		186,066
<b>Current assets</b>					
Debtors	9	36,225,661		36,486,969	
Cash at bank and in hand		60		7,428	
		<u>36,225,721</u>		<u>36,494,397</u>	
<b>Creditors</b>					
Amounts falling due within one year	10	<u>33,553,641</u>		<u>29,150,581</u>	
<b>Net current assets</b>			<u>2,672,080</u>		<u>7,343,816</u>
<b>Total assets less current liabilities</b>			<u>2,741,574</u>		<u>7,529,882</u>
<b>Capital and reserves</b>					
Called up share capital	12		442,327		442,327
Retained earnings	13		<u>2,299,247</u>		<u>7,087,555</u>
<b>Shareholders' funds</b>			<u>2,741,574</u>		<u>7,529,882</u>

The financial statements were approved by the director on 10/10/2018 and were signed by:

  
T A Buckland - Director

The notes form part of these financial statements

PETROSAUDI INTERNATIONAL (UK) LIMITED

Statement of Changes in Equity  
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2016</b>	442,327	4,946,737	5,389,064
<b>Changes in equity</b>			
Total comprehensive income	-	2,140,818	2,140,818
<b>Balance at 31 December 2016</b>	442,327	7,087,555	7,529,882
<b>Changes in equity</b>			
Total comprehensive income	-	(4,788,308)	(4,788,308)
<b>Balance at 31 December 2017</b>	442,327	2,299,247	2,741,574

The notes form part of these financial statements

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Cash Flow Statement  
for the year ended 31 December 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	1,401,334	(132,126)
Tax paid		(1,382,202)	(7,501)
Net cash from operating activities		19,132	(139,627)
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(46,500)	-
Sale of tangible fixed assets		20,000	-
Interest received		-	213
Net cash from investing activities		(26,500)	213
<b>Decrease in cash and cash equivalents</b>		(7,368)	(139,414)
Cash and cash equivalents at beginning of year	16	7,428	146,842
Cash and cash equivalents at end of year	16	60	7,428

The notes form part of these financial statements

## PETROSAUDI INTERNATIONAL (UK) LIMITED

### Notes to the Financial Statements for the year ended 31 December 2017

#### 1. Statutory information

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

#### 2. Accounting policies

##### Basis of preparing the financial statements

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

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

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

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

##### Significant judgements and estimates

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

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

##### Turnover

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

##### Tangible fixed assets

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

Short-term leasehold property	<b>Over the life of the lease</b>
Motor vehicles	<b>33.3% straight line</b>
Fixtures and fittings	<b>13.3% - 20% straight line</b>
Computer Equipment	<b>20% - 33.3% straight line</b>

##### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### Foreign currencies

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

##### Operating leasing commitments

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

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

### **Notes to the Financial Statements - continued for the year ended 31 December 2017**

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

##### **Financial instruments**

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

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

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

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

##### **Going concern**

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

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

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

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

PSOSVL's remaining claims are due to be heard in a final hearing in December 2018; these claims relate primarily to unpaid dayrate invoices in the period since May 2016. PDVSA's remaining claims presently relate to periods prior to 2015 and post May 2016 which include claims for damages for alleged negligence in the performance of the contract.

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

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

#### **3. Turnover**

The turnover and loss (2016 - profit) before taxation are attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**4. Employees and directors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,141,161</b>	4,046,873
Social security costs	<b>548,551</b>	322,236
	<u><b>3,689,712</b></u>	<u>4,369,109</u>

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

	<b>2017</b>	<b>2016</b>
Administration	<u><b>14</b></u>	<u>18</u>

**5. Directors' emoluments**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u><b>495,966</b></u>	<u>1,021,470</u>

Information regarding the highest paid director is as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Emoluments etc	<u><b>-</b></u>	<u>907,685</u>

**6. (Loss)/profit before taxation**

The loss (2016 - profit) is stated after charging/(crediting):

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other operating leases	<b>867,567</b>	916,467
Depreciation - owned assets	<b>163,072</b>	167,741
Profit on disposal of fixed assets	<b>(20,000)</b>	-
Audit remuneration	<b>18,250</b>	2,500
Foreign exchange differences	<u><b>1,214,242</b></u>	<u>(2,452,840)</u>

**7. Taxation**

**Analysis of the tax charge**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	-	726,547
Adjustment in respect of prior periods	<u><b>2,020</b></u>	<u>78,920</u>
Tax on (loss)/profit	<u><b>2,020</b></u>	<u>805,467</u>

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**7. Taxation - continued**

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

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before tax	<u>(4,786,288)</u>	<u>2,946,285</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	<u>(921,360)</u>	589,257
Effects of:		
Expenses not deductible for tax purposes	833,540	12,095
Capital allowances in excess of depreciation	(5,101)	-
Depreciation in excess of capital allowances	-	26,923
Adjustments to tax charge in respect of previous periods	2,020	78,920
Non-trading loan relationships	92,921	98,272
Total tax charge	<u>2,020</u>	<u>805,467</u>

**8. Tangible fixed assets**

	<b>Short leasehold £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>Cost</b>					
At 1 January 2017	1,032,257	250,775	94,314	259,223	1,636,569
Additions	-	-	46,500	-	46,500
Disposals	-	-	(94,314)	-	(94,314)
At 31 December 2017	<u>1,032,257</u>	<u>250,775</u>	<u>46,500</u>	<u>259,223</u>	<u>1,588,755</u>
<b>Depreciation</b>					
At 1 January 2017	875,926	221,040	94,314	259,223	1,450,503
Charge for year	135,305	23,892	3,875	-	163,072
Eliminated on disposal	-	-	(94,314)	-	(94,314)
At 31 December 2017	<u>1,011,231</u>	<u>244,932</u>	<u>3,875</u>	<u>259,223</u>	<u>1,519,261</u>
<b>Net book value</b>					
At 31 December 2017	<u>21,026</u>	<u>5,843</u>	<u>42,625</u>	<u>-</u>	<u>69,494</u>
At 31 December 2016	<u>156,331</u>	<u>29,735</u>	<u>-</u>	<u>-</u>	<u>186,066</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	34,206,126	35,233,874
Other debtors	1,480,247	901,077
Corporation tax	174,064	-
Prepayments and accrued income	365,224	352,018
	<u>36,225,661</u>	<u>36,486,969</u>

**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	77,432	825,904
Amounts owed to group undertakings	33,054,904	25,228,611
Corporation tax	-	1,206,118
Accruals and deferred income	421,305	1,889,948
	<u>33,553,641</u>	<u>29,150,581</u>

**11. Leasing agreements**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Within one year	536,333	804,500
Between one and five years	-	536,333
	<u>536,333</u>	<u>1,340,833</u>

**12. Called up share capital**

**Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2017</b>	<b>2016</b>
			<b>£</b>	<b>£</b>
44,232,700	Ordinary shares	£0.01	<u>442,327</u>	<u>442,327</u>

**13. Reserves**

	<b>Retained earnings</b>
	<b>£</b>
At 1 January 2017	7,087,555
Deficit for the year	<u>(4,788,308)</u>
At 31 December 2017	<u>2,299,247</u>

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

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

The company's ultimate parent company is PetroSaudi Holdings (Cayman) Limited, a company incorporated and registered in the Cayman Islands. No group financial statements are maintained by the company or group as there is no requirement.

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



**PETROSAUDI INTERNATIONAL (UK) LIMITED**

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**15. Reconciliation of (loss)/profit before taxation to cash generated from operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before taxation	<b>(4,786,288)</b>	2,946,285
Depreciation charges	<b>163,072</b>	167,741
Profit on disposal of fixed assets	<b>(20,000)</b>	-
Finance income	<b>-</b>	<b>(213)</b>
	<b>(4,643,216)</b>	<b>3,113,813</b>
Decrease/(increase) in trade and other debtors	<b>435,372</b>	<b>(4,508,748)</b>
Increase in trade and other creditors	<b>5,609,178</b>	<b>1,262,809</b>
<b>Cash generated from operations</b>	<b><u>1,401,334</u></b>	<b><u>(132,126)</u></b>

**16. Cash and cash equivalents**

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

**Year ended 31 December 2017**

	<b>31/12/17</b>	<b>1/1/17</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b><u>60</u></b>	<b><u>7,428</u></b>

**Year ended 31 December 2016**

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