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**MID HOLDING CO UK LTD**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



**Barnes Roffe LLP, Chartered Accountants**  
**Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA**  
**24 September 2018**

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**MID HOLDING CO UK LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	S A Majali Esq S S Majali Esq A B O Al Masri Esq (resigned 5 October 2017) A D Shepherd Esq A G S Yakhout Esq (resigned 5 October 2017) Mrs J M D Adams Hooker (appointed 5 October 2017)
<b>Company secretary</b>	S A Majali Esq
<b>Registered number</b>	09045035
<b>Registered office</b>	Hapag-Lloyd House Cambridge Road Barking Essex IG11 8HH
<b>Independent auditors</b>	Barnes Roffe LLP Chartered Accountants Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA

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**MID HOLDING CO UK LTD**

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## MID HOLDING CO UK LTD

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their strategic report accompanying the consolidated financial statements for the year ended 31 December 2017.

#### **Business review**

Mid Holding Co UK Ltd (the "company") is a company incorporated in England and Wales. The principal activity of the company in the year under review was that of the holding company of the Mid Group of companies ("Mid Group"), which principally acts as a design and build contractor of commercial, industrial and residential buildings.

The company owns a number of trading companies in the UK and Middle East. The principal jurisdictions of trade are the Kingdom of Saudi Arabia, Jordan and the UK.

The UK business has been trading for three years and has now become profitable, a year ahead of expectations. The company is now well placed to identify and realise opportunities across all areas of its operations. The processes, procedures and controls put in place by the company are greatly assisting the Mid Group in its growth plans.

2017 saw the award of a number of new contracts across all operating jurisdictions. This has allowed turnover levels for the group to be consistent. In 2018, the company is aiming to further grow the business and is in a preferred bidder position on several major new projects, which will assist in delivering this aspiration.

The UK business has been awarded several new contracts in 2017, which are further assisting in the development of a track record for the business. The UK business is seeking to move into residential developments and is looking to purchase a site for development. This will generate additional turnover for the UK business, whilst also supporting the strategic aspirations of targeting the residential market.

The Jordanian business is working on the delivery of a major new infrastructure project at the Port of Aqaba, as well continuing the delivery of the Grain Silos project. Since the end of the year the business has also been awarded a major road project and an industrial processing plant.

#### **Principal risks and uncertainties**

The directors are aware of the risks inherent in the construction market. The key risk is always considered to be the Health and Safety of our staff, employees and subcontractors. The company continues to invest heavily in Health & Safety, with no compromise afforded.

Other key risks to the business concern the competitive tendering process, subcontractor performance and client strength. The company manages these risks through the processes and procedures it has in place, monitoring performance on projects and the quality of the staff it employs.

Where the company identifies risks that it cannot manage or a risk that materialises, it will make an impairment in the affected subsidiary company.

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**MID HOLDING CO UK LTD**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Future developments**

The company's future prospects are positive. The Mid Group is focused on strengthening its foothold in its key jurisdictions over the coming period. Each of the three main areas of operation are presenting good opportunities, which the business is well placed to capitalise on.

In 2018, the UK business continues to grow and was successful in signing contracts of c.£45m with a London Borough, as well as a residential project of c.£35m with a developer. The business is also in a preferred bidder position for c.£100m of other opportunities, showing significant growth opportunities.

The UK development business, Sterling Living Limited, is currently seeking to identify sites for purchase and development.

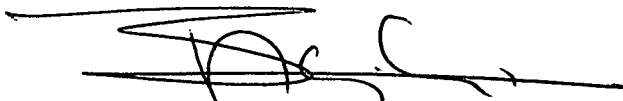
Mid Contracting and Consulting Ltd is also in the final tender process of various other tenders with existing and new clients.

In 2018 the Mid Group is focused on realising its investment in Building Information Modelling ("BIM"), through ensuring that all of its projects are delivered using BIM. This will have the benefit of improving quality and reducing risk, which will ultimately assist the Mid Group in winning more work and increasing profitability.

This report was approved by the board on

27/9/2018

and signed on its behalf.



**S A Majali Esq**  
Director

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## MID HOLDING CO UK LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £106,443 (2016 - £6,076,205).

The directors have not recommended the payment of an ordinary dividend.

#### **Directors**

The directors who served during the year were:

S A Majali Esq  
S S Majali Esq  
A B O Al Masri Esq (resigned 5 October 2017)  
A D Shepherd Esq  
A G S Yakhout Esq (resigned 5 October 2017)  
Mrs J M D Adams Hooker (appointed 5 October 2017)

#### **Going concern**

Mid Group has had another profitable year and with a strong forward order book, there is confidence that the company and group continue to be a going concern.

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MID HOLDING CO UK LTD

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Disclosure of information to auditors**

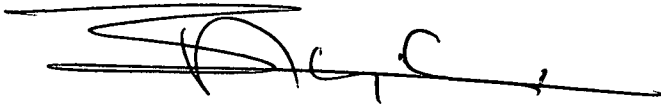
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are 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 and the group's auditors are aware of that information.

**Auditors**

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27/9/2018 and signed on its behalf.



**S A Majali Esq**  
Director

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## MID HOLDING CO UK LTD

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MID HOLDING CO UK LTD

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#### Opinion

We have audited the financial statements of MID Holding Co UK Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the group Statement of comprehensive income, the group and company Balance sheets, the group Statement of cash flows, the group and company 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 group's and of the parent company's affairs as at 31 December 2017 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

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 we identify such material



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MID HOLDING CO UK LTD  
(CONTINUED)**

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Group 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 Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 on page 3, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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MID HOLDING CO UK LTD

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MID HOLDING CO UK LTD  
(CONTINUED)

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**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.



Mario Ciantanni (Senior statutory auditor)  
For and on behalf of  
**Barnes Roffe LLP**  
Chartered Accountants  
Charles Lake House  
Claire Causeway  
Crossways Business Park  
Dartford  
Kent  
DA2 6QA

Date:

25. September. 2014

MID HOLDING CO UK LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
Turnover	4	56,981,338	55,275,950
Cost of sales		(49,721,382)	(41,987,124)
<b>Gross profit</b>		<b>7,259,956</b>	<b>13,288,826</b>
Administrative expenses		(5,701,355)	(4,714,123)
Other operating income		264,462	1,964
<b>Operating profit</b>	5	<b>1,823,063</b>	<b>8,576,667</b>
Income from participating interests		(78,987)	(1,115,748)
Interest receivable and similar income	9	41,506	177,516
Interest payable and expenses	10	(962,098)	(1,333,851)
<b>Profit before taxation</b>		<b>823,484</b>	<b>6,304,584</b>
Tax on profit	11	(717,089)	(226,182)
<b>Profit for the financial year</b>		<b>106,395</b>	<b>6,078,402</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		(48)	2,197
Owners of the parent company		106,443	6,076,205
		<b>106,395</b>	<b>6,078,402</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 36 form part of these financial statements.

MID HOLDING CO UK LTD  
REGISTERED NUMBER: 09045035

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
<b>Fixed assets</b>			
Intangible assets	13	163,355	191,022
Tangible assets	14	9,826,074	4,678,189
Investments	15	5,185,191	5,264,177
		<u>15,174,620</u>	<u>10,133,388</u>
<b>Current assets</b>			
Stocks	16	16,351,817	15,188,236
Debtors: amounts falling due within one year	17	62,414,619	49,760,434
Cash at bank and in hand	18	8,380,924	3,660,650
		<u>87,147,360</u>	<u>68,609,320</u>
Creditors: amounts falling due within one year	19	(86,218,640)	(63,355,983)
<b>Net current assets</b>		<u>928,720</u>	<u>5,253,337</u>
<b>Total assets less current liabilities</b>		<u>16,103,340</u>	<u>15,386,725</u>
Creditors: amounts falling due after more than one year	20	(717,795)	(107,575)
<b>Net assets</b>		<u><u>15,385,545</u></u>	<u><u>15,279,150</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	1,000	1,000
Merger reserve		9,348,269	9,348,269
Profit and loss account		6,034,127	5,927,684
<b>Equity attributable to owners of the parent company</b>		<u>15,383,396</u>	<u>15,276,953</u>
Non-controlling interests		2,149	2,197
		<u><u>15,385,545</u></u>	<u><u>15,279,150</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25/9/2018

S A Majali Esq  
Director

The notes on pages 15 to 36 form part of these financial statements.

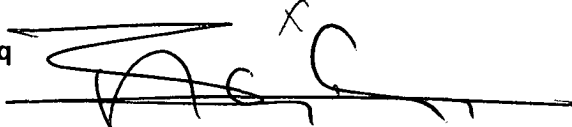
MID HOLDING CO UK LTD  
REGISTERED NUMBER: 09045035

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
<b>Fixed assets</b>			
Intangible assets	13	-	11,297
Tangible assets	14	7,960	12,700
Investments	15	9,349,569	9,349,469
		<u>9,357,529</u>	<u>9,373,466</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	277,257	277,865
		<u>277,257</u>	<u>277,865</u>
Creditors: amounts falling due within one year	19	(425,316)	(351,502)
<b>Net current liabilities</b>		<u>(148,059)</u>	<u>(73,637)</u>
<b>Total assets less current liabilities</b>		<u>9,209,470</u>	<u>9,299,829</u>
<b>Net assets excluding pension asset</b>		<u>9,209,470</u>	<u>9,299,829</u>
<b>Net assets</b>		<u><u>9,209,470</u></u>	<u><u>9,299,829</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	1,000	1,000
Merger reserve		9,348,269	9,348,269
Profit and loss account		(139,799)	(49,440)
		<u>9,209,470</u>	<u>9,299,829</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on X 25/9/2018 X

X  
S A Majali Esq  
Director

X  


The notes on pages 15 to 36 form part of these financial statements.

MID HOLDING CO UK LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Merger reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 January 2017 (as previously stated)	1,000	9,348,269	6,036,720	15,385,989	2,197	15,388,186
Prior year adjustment	-	-	(109,036)	(109,036)	-	(109,036)
At 1 January 2017 (as restated)	1,000	9,348,269	5,927,684	15,276,953	2,197	15,279,150
Profit for the year	-	-	106,443	106,443	(48)	106,395
<b>At 31 December 2017</b>	<b>1,000</b>	<b>9,348,269</b>	<b>6,034,127</b>	<b>15,383,396</b>	<b>2,149</b>	<b>15,385,545</b>

The notes on pages 15 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Merger reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 January 2016	1,000	9,348,269	(148,521)	9,200,748	-	9,200,748
Profit for the year	-	-	6,076,205	6,076,205	2,197	6,078,402
<b>At 31 December 2016</b>	<b>1,000</b>	<b>9,348,269</b>	<b>5,927,684</b>	<b>15,276,953</b>	<b>2,197</b>	<b>15,279,150</b>

The notes on pages 15 to 36 form part of these financial statements.

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MID HOLDING CO UK LTD

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2017	1,000	9,348,269	(49,440)	9,299,829
Loss for the year	-	-	(90,359)	(90,359)
<b>At 31 December 2017</b>	<b>1,000</b>	<b>9,348,269</b>	<b>(139,799)</b>	<b>9,209,470</b>

The notes on pages 15 to 36 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 January 2016	1,000	9,348,269	465	9,349,734
Loss for the year	-	-	(49,905)	(49,905)
<b>At 31 December 2016</b>	<b>1,000</b>	<b>9,348,269</b>	<b>(49,440)</b>	<b>9,299,829</b>

The notes on pages 15 to 36 form part of these financial statements.

MID HOLDING CO UK LTD

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	106,395	6,078,402
<b>Adjustments for:</b>		
Amortisation of intangible assets	16,370	18,121
Depreciation of tangible assets	1,733,685	1,741,213
Profit on disposal of tangible assets	(106,613)	(341,273)
Interest paid	962,098	1,333,851
Interest received	(41,506)	(177,516)
Taxation charge	717,089	226,182
(Increase) in stocks	(1,163,581)	(759,400)
(Increase)/decrease in debtors	(16,233,481)	1,075,257
Decrease in amounts owed by groups	4,445	1,239,458
Decrease/(increase) in amounts owed by joint ventures and associates	3,574,850	(15,579,515)
Increase/(decrease) in creditors	30,700,374	(10,810,099)
(Decrease)/increase in amounts owed to groups	(1,955,916)	21,482,158
(Decrease)/increase in amounts owed to joint ventures and associates	(2,734,228)	850,916
Share of operating profit in joint ventures	78,987	1,115,748
Corporation tax (paid)	(264,103)	(148,872)
<b>Net cash generated from operating activities</b>	<b>15,394,865</b>	<b>7,344,631</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(266)
Purchase of tangible fixed assets	(7,901,785)	(635,078)
Sale of tangible fixed assets	1,138,125	931,040
Interest received	41,506	177,516
<b>Net cash from investing activities</b>	<b>(6,722,154)</b>	<b>473,212</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(5,401,853)	(14,740,337)
Repayment of finance leases	(427,783)	(222,737)
Interest paid	(962,098)	(1,333,851)
<b>Net cash used in financing activities</b>	<b>(6,791,734)</b>	<b>(16,296,925)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,880,977</b>	<b>(8,479,082)</b>
Cash and cash equivalents at beginning of year	691,459	9,170,541
<b>Cash and cash equivalents at the end of year</b>	<b>2,572,436</b>	<b>691,459</b>



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MID HOLDING CO UK LTD

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CONSOLIDATED ANALYSIS OF NET DEBT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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	2017 £	2016 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	8,380,924	3,660,650
Bank overdrafts	(5,808,488)	(2,969,191)
	<u>2,572,436</u>	<u>691,459</u>

The notes on pages 15 to 36 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. General information**

Mid Holding Co UK Limited is a company limited by shares and incorporated in England and Wales. The address of the registered office is given in the company information page of these financial statements.

**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 the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of the exemption in S408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form a part of these approved financial statements.

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

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2.3 Associates and joint ventures**

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in joint ventures and associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.4 Revenue recognition**

The group principally operates through fixed price contracts. If the outcome of such contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at the period end (the percentage completion method).

The outcome of a construction contract can be reliably measured when i) the total contract revenue can be reliably measured; ii) it is probable that the economic benefits associated with the contract will flow to the entity; iii) the cost to complete the contract and the stage of completion can be measured reliably so that the actual contract costs incurred can be compared with prior estimates. When the outcome of a construction contract cannot be reliably estimated contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

When it is probable that total contract costs will exceed total contract revenue than the expected loss is recognised as an expense immediately.

**2.5 Bid and pre-contract costs**

Costs incurred with bidding for construction contracts are written off as incurred and it is only once the group and its subsidiaries are reasonably certain that the contract will be secured that these costs are capitalised.

**2.6 Intangible assets**

Intangible assets acquired through business combination are recorded at fair value on that date.

Goodwill represents amounts arising on the acquisition of subsidiaries and jointly controlled entities and amounts to the difference between the fair value of the acquisition and the fair value of the net assets acquired. Goodwill is stated at fair value less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but tested annually for impairment. Impairment losses are taken to the profit and loss account.

Other intangible assets are measured on initial recognition at cost. Intangible assets with finite lives are amortised over their useful economic life. Intangible assets include computer software and programs. These intangibles are amortised over their estimated useful economic lives.

**2.7 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets (continued)**

Land is not depreciated. Depreciation on other assets 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 bases:

Plant & machinery	-	7% - 10% per annum
Motor vehicles	-	7% per annum
Office equipment	-	5% - 10% per annum

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 the Consolidated statement of comprehensive income.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 Stocks and work in progress**

**Stocks**

Inventories 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**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty as per FRS 102. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been instructed by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**2.10 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.

**2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.12 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.

**2.13 Foreign currency translation**

**Functional and presentation currency**

The group's functional and presentational currency is GBP sterling.

**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 and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.15 Leased assets**

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 the Consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.16 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the group in independently administered funds.

**2.17 Taxation**

Tax is recognised in the Consolidated statement of comprehensive income, 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 balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

No significant judgements have had to be made by the group in preparing these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**4. Turnover**

The whole of the turnover is attributable to the principal activity, which is design and construction services. The group operates in three principal geographical areas, and its turnover, all from continuing operations is detailed below.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	11,450,614	3,143,282
Jordan	41,152,778	46,605,466
Kingdom of Saudi Arabia	4,377,946	5,527,202
	<u>56,981,338</u>	<u>55,275,950</u>

**5. Operating profit**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	1,733,685	1,741,213
Amortisation of intangible assets, including goodwill	16,370	18,121
	<u>1,750,055</u>	<u>1,759,334</u>

**6. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	<u>33,500</u>	<u>30,000</u>
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
All other services	<u>2,500</u>	<u>3,350</u>
	<u>2,500</u>	<u>3,350</u>

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**MID HOLDING CO UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2017 £</b>	<i>Group 2016 £</i>	<b>Company 2017 £</b>	<i>Company 2016 £</i>
Wages and salaries	<b>7,157,602</b>	<i>8,470,300</i>	-	-
Social security costs	<b>962,683</b>	<i>2,010,057</i>	-	-
Cost of defined contribution scheme	<b>31,689</b>	<i>5,803</i>	-	-
	<b><u>8,151,974</u></b>	<i><u>10,486,160</u></i>	<u>-</u>	<u>-</u>

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

	<b>2017 No.</b>	<i>2016 No.</i>
Administrative and managerial	<b>550</b>	<i>647</i>
Operational	<b>860</b>	<i>1,071</i>
Directors of the parent	<b>5</b>	<i>5</i>
	<b><u>1,415</u></b>	<i><u>1,723</u></i>

**8. Directors' remuneration**

	<b>2017 £</b>	<i>2016 £</i>
Directors' emoluments	<b>275,000</b>	<i>250,223</i>
Company contributions to defined contribution pension schemes	<b>7,500</b>	<i>-</i>
	<b><u>282,500</u></b>	<i><u>250,223</u></i>

The highest paid director received remuneration of £250,000 (2016 - £250,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,500 (2016 - £NIL).



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MID HOLDING CO UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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9. Interest receivable

	2017 £	2016 £
Other interest receivable	41,506	177,516
	<u>41,506</u>	<u>177,516</u>

10. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	962,098	1,333,851
	<u>962,098</u>	<u>1,333,851</u>

**MID HOLDING CO UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	401,004	-
Adjustments in respect of previous periods	-	(4,096)
<b>Foreign tax</b>		
Foreign tax on income for the year	316,085	230,278
<b>Total current tax</b>	<u>717,089</u>	<u>226,182</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	823,484	6,304,584
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	156,462	1,260,917
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,620	555
Capital allowances for year in excess of depreciation	(624)	427
Utilisation of tax losses	(239,672)	-
Higher rate taxes on overseas subsidiaries	797,303	(1,084,988)
Adjustments to tax charge in respect of prior periods	-	(4,096)
Unrelieved tax losses carried forward	-	53,367
<b>Total tax charge for the year</b>	<u>717,089</u>	<u>226,182</u>

**Factors that may affect future tax charges**

The company has unused corporation tax losses carried forward of £288,404 (2016: £288,404).

**12. Parent company profit for the year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £90,359 (2016 - loss £49,905).

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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13. Intangible assets

Group

	Computer software £
<b>Cost</b>	
At 1 January 2017	312,171
Disposals	(13,826)
At 31 December 2017	<u>298,345</u>
<b>Amortisation</b>	
At 1 January 2017	121,149
Charge for the year	16,370
On disposals	(2,529)
At 31 December 2017	<u>134,990</u>
<b>Net book value</b>	
At 31 December 2017	<u><u>163,355</u></u>
At 31 December 2016	<u><u>191,022</u></u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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13. Intangible assets (continued)

Company

	Computer software £
At 1 January 2017	13,826
Disposals	(13,826)
At 31 December 2017	-
At 1 January 2017	2,529
On disposals	(2,529)
At 31 December 2017	-
<b>Net book value</b>	
At 31 December 2017	-
At 31 December 2016	11,297

MID HOLDING CO UK LTD

NOTES TO THE FINANCIAL STATEMENTS  
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14. Tangible fixed assets

Group

	Land £	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2017	1,311,552	14,334,895	1,741,607	1,058,888	18,446,942
Additions	2,419,406	5,378,489	-	103,890	7,901,785
Disposals	(975,449)	(212,881)	(170,437)	-	(1,358,767)
At 31 December 2017	2,755,509	19,500,503	1,571,170	1,162,778	24,989,960
<b>Depreciation</b>					
At 1 January 2017	-	11,450,820	1,429,511	888,422	13,768,753
Charge for the year on owned assets	-	1,515,455	137,704	80,526	1,733,685
Disposals	-	(187,304)	(151,248)	-	(338,552)
At 31 December 2017	-	12,778,971	1,415,967	968,948	15,163,886
<b>Net book value</b>					
At 31 December 2017	2,755,509	6,721,532	155,203	193,830	9,826,074
At 31 December 2016	1,311,552	2,884,075	312,096	170,466	4,678,189

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MID HOLDING CO UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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14. Tangible fixed assets (continued)

Company

	Office equipment £
<b>Cost or valuation</b>	
At 1 January 2017	19,096
Additions	1,737
At 31 December 2017	<u>20,833</u>
<b>Depreciation</b>	
At 1 January 2017	6,396
Charge for the year on owned assets	6,477
At 31 December 2017	<u>12,873</u>
<b>Net book value</b>	
At 31 December 2017	<u>7,960</u>
At 31 December 2016	<u>12,700</u>

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**MID HOLDING CO UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Fixed asset investments**

**Group**

	Unlisted investments £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>			
At 1 January 2017	141,359	5,122,818	5,264,177
Share of profit/(loss)	-	(78,986)	(78,986)
At 31 December 2017	<u>141,359</u>	<u>5,043,832</u>	<u>5,185,191</u>
<b>Net book value</b>			
At 31 December 2017	<u>141,359</u>	<u>5,043,832</u>	<u>5,185,191</u>
At 31 December 2016	<u>141,359</u>	<u>5,122,818</u>	<u>5,264,177</u>

**Unlisted Investments**

The investment represents a minority shareholding in El Essra Hospital, a private hospital based in Jordan. The percentage held represents 0.67% of the ordinary share capital. This is a long term holding of the group.

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Registered Office</b>	<b>Holding</b>	<b>Principal activity</b>
Mid Contracting and Consulting Ltd	England and Wales	100 %	Building contractor
Sterling Living Limited	England and Wales	100 %	Property developer
Sterling BIM Limited (1)	England and Wales	100 %	Property developer
Sterling MEP Services Limited	England and Wales	100 %	Interior fit out
Sterling Living (Hoo) Limited	England and Wales	100 %	Dormant
Mid Global Investment Group PSC	Jordan	100 %	Holding company
Mid Contracting Company LLC (2)	Jordan	100 %	Building contractor
Finan Facility Management Company (2)	Jordan	100 %	Facility management Communication
Group One for Telecommunication (2)	Jordan	85 %	services
Mid Information Technology (3)	Jordan	100 %	Software developer
Mid Arabia Contracting (4)	Kingdom of Saudi Arabia	100 %	Building contractor

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**15. Fixed asset investments (continued)**

(1) Sterling BIM Limited is a wholly owned subsidiary of Sterling Living Limited.

(2) Mid Contracting Company LLC, Finan Facility Management Company and Group One for Telecommunication are wholly owned subsidiaries of Mid Global Investment Goup PSC.

(3) Mid Information Technology is a wholly owned subsidiary of Mid Contracting Company LLC.

(4) Mid Arabia Contracting operates as a branch of Mid Contracting Company LLC, operating in the Kingdom of Saudi Arabia.

**Participating interests**

**Joint ventures**

Name	Country of incorporation	Holding	Principal activity
Group Five Construction Limited and Mid Contracting Company LLC	Jordan	50%	Construction of Amman Ring Road, Phase 1
Masar United Contracting Company Limited, Mid Contracting LLC and Bab Al-Fayha's Gulf Contracting and Construction Company	Jordan	50%	Electro-mechanical works for Abdali Development project, the Boulevard, Phase 2
Masar United Contracting Company Limited and Mid Contracting Company LLC	Jordan	50%	Constructing of a pedestrian walkway for Abdali Development project, the Boulevard, Phase 2
OHL Industrial S.L. and Mid Contracting Company LLC	Jordan	40%	Construction of an Amman strategic reserve terminal for petroleum products



MID HOLDING CO UK LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2017	9,349,469
Additions	100
At 31 December 2017	9,349,569
<b>Net book value</b>	
At 31 December 2017	9,349,569
At 31 December 2016	9,349,469

16. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	14,269,106	15,071,734	-	-
Long term contract balances	2,082,711	116,502	-	-
	16,351,817	15,188,236	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Long term contract balances consist of:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Costs to date less provision for losses	2,082,711	116,502	-	-
	2,082,711	116,502	-	-

MID HOLDING CO UK LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	23,604,845	12,989,124	-	-
Retentions due from customers	6,106,407	5,372,841	-	-
Advances to suppliers and contractors	6,489,384	4,133,036	-	-
Amounts owed by group undertakings	256,300	260,745	256,200	256,200
Amounts owed by joint ventures and associated undertakings	13,886,761	17,461,611	-	-
Other debtors	1,747,318	6,008,207	21,057	21,665
Prepayments and accrued income	744,417	228,288	-	-
Amounts recoverable on long term contracts	9,579,187	3,306,582	-	-
	<b>62,414,619</b>	<b>49,760,434</b>	<b>277,257</b>	<b>277,865</b>

18. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	8,380,924	3,660,650	-	-
Less: bank overdrafts	(5,808,488)	(2,969,191)	-	-
	<b>2,572,436</b>	<b>691,459</b>	<b>-</b>	<b>-</b>

MID HOLDING CO UK LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

19. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	5,808,488	2,969,191	-	-
Bank loans	2,284,846	8,404,494	-	-
Trade creditors	13,294,269	10,151,651	2,007	102,820
Payments received on account	20,625,652	4,057,605	-	-
Amounts due to subcontractors	6,740,879	4,203,570	-	-
Amounts owed to associates	1,475,660	4,209,888	-	-
Amounts owed to group undertakings	19,530,584	21,486,500	397,309	187,182
Corporation tax	744,780	291,794	-	-
Other taxation and social security	666,840	587,009	-	-
Obligations under finance lease and hire purchase contracts	-	427,783	-	-
Other creditors	12,143,960	4,576,472	-	-
Accruals and deferred income	2,902,682	1,990,026	26,000	61,500
	<u>86,218,640</u>	<u>63,355,983</u>	<u>425,316</u>	<u>351,502</u>

20. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	717,795	-	-	-
Other creditors	-	107,575	-	-
	<u>717,795</u>	<u>107,575</u>	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**21. Loans**

	<b>Group 2017 £</b>	<i>Group 2016 £</i>
<b>Amounts falling due within one year</b>		
Bank loans	<b>2,284,846</b>	8,404,494
	<u><b>2,284,846</b></u>	<u>8,404,494</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	<b>717,795</b>	-
	<u><b>3,002,641</b></u>	<u>8,404,494</u>

**22. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2017 £</b>	<i>Group 2016 £</i>
Within one year	-	427,783
	<u>-</u>	<u>427,783</u>

**23. Share capital**

	<b>2017 £</b>	<i>2016 £</i>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<b>1,000</b>	1,000
	<u><b>1,000</b></u>	<u>1,000</u>

**24. Prior year adjustment**

Adjustment has been made by the directors to write off prior year losses on a contract in the Kingdom of Saudi Arabia of £109,036.

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**25. Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties by the group in the financial period ended 31 December 2017.

	Amounts owed by related parties £	Amounts owed to related parties £
Masar - Al-Fayha'a - MCC	134,701	-
OHL Industrial - MCC	25,495	-
	-	-
	-	-
<b>Companies connected with the directors:</b>		
Al Sahal Al Arabi Contracting	13,726,565	-
Al Qudrah Company	-	1,475,660
<b>Group companies:</b>		
Mid Co Holdings Guernsey Limited	-	19,530,383
<b>Directors' loan accounts:</b>		
S A Majali Esq	-	194,029

**NOTES TO THE FINANCIAL STATEMENTS  
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**25. Related party transactions (continued)**

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the period ended 31 December 2017, the group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment will be undertaken at the end of each financial period through examining the financial position of the related party and the market in which the related party operates.

**Transactions with key management personnel**

*Guarantees of bank loans/overdrafts to the group*

At 31 December 2017, the director S A Majali, together with former director A B O Al Masri and Abed Al Hadi (S A Majali's father) had issued personal guarantees in respect of bank loans to the group with outstanding amounts of £1,567,052 (2016: £8,404,497) and in respect of bank overdrafts with outstanding amounts of £1,114,918 (2016: £1,279,225). No fees have been paid to the directors and their connected persons in respect of these guarantees.

*Rent-free accommodation*

During the year ended 31 December 2017, S A Majali provided Mid Group with rent-free accommodation in the form of the operating premises of the group's principal operating subsidiary (Mid Contracting Company LLC) based in Jordan.

*Other property-related transactions*

Key management personnel previously transferred the beneficial ownership of certain land to a subsidiary undertaking of the group. Arrangements are currently being made to formally transfer this land into the legal ownership of the group. The carrying value of the land is disclosed in Note 14 to the financial statements.

**Transactions with connected companies**

Included in the table above, are amounts owed to/from companies that are under the control of the directors.

Al Sahal Al Arabi Contracting, a property development company, and Al-Qadra Ready Concrete Products Manufacturing Co Ltd, a cement manufacturer, are wholly owned by Mrs S Majali. The amounts owed to/from the Group are interest free, unsecured and with no set repayment date.

**Loans from directors**

Included in the table above are amounts owed to directors. These amounts are interest free, unsecured and have no set repayment date.

**26. Pension commitments**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £31,689 (2016 - £5,803).

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**MID HOLDING CO UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**27. Post balance sheet events**

In January 2018 an offer to purchase the entire shareholding of the Mid Global Investment Group was received, which includes the main construction trading businesses in Jordan and the Kingdom of Saudi Arabia. The offer was accepted by the Board of Mid Holding Co UK Limited.

The sale involves the disposal of the business in return for a mixture of cash and shares in another company. There is not expected to be any material gain or loss on the disposal. The sale is anticipated to result in a slight decrease in turnover in the year 2018, but an improvement in net cash and profitability.

**28. Controlling party**

The company's immediate and ultimate parent company is Mid Co Holdings Guernsey Limited, a company incorporated in Guernsey. The financial statements of Mid Co Holdings Guernsey Limited are not publicly available. The smallest and largest group for which consolidated financial statements are prepared which include the company is that headed by the company.

The ultimate controlling party is S A Majali Esq.