HGHL Holdings Limited

Financial Statements

for the year ended 31 March 2021

Registered number: 08302976

Certified True Copy
For GOCL Corporation Limited

Company Secretary

HGHL Holdings Limited

Contents

HGHL Holdings Limited

Directors' report
For the year ended 31 March 2021

The directors present their annual report on the affairs of HGHL Holdings Limited ("the Company"), together with the financial statements and auditor's report, for the year ended 31 March 2021. The directors have taken advantage of the exemption not to include a strategic report in accordance with 414A of the Companies Act 2006. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Principal activities

The principal activity of the Company is that of a holding and financing company.

Business review and future developments

The Company made a profit after tax of US$7,914,715 during the year (31 March 2020 US$ 5,421,364). The increase in earnings was attributable to dividends received with respect to the 10% shareholding in Gulf Houghton Lubricants Limited.

During the year company sold 4.68% of its holding in Gulf Houghton Lubricants Ltd, with the remining holding of 5.32% being sold post year end. Also during the year the directors approved the investment into 57 Whitehall Investments SARL where they acquired a 10% shareholding in the company.

Going concern

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. On the basis of their assessment of the company's financial position and of the enquiries made of the Directors of Gulf Oil Corporation Limited, the company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

The Novel Coronavirus (COVID-19), a Global Pandemic, has significantly affected the global economy and as a result the directors have considered the impact on the company. The company has assessed its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets comprising investments, trade receivables, and loan receivables, and its ability to pay its liabilities as they become due at the balance sheet date and has concluded that there is no material impact or adjustments required in the financial statements of the company for the year ended March 31 2021.

However, the impact assessment of COVID-19 is a continuing process and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The company will continue to monitor any material changes to future economic conditions.

Directors

The directors, who served throughout the period, and to date were as follows:

Sandra Georgeson
Camille Nehme
Debabrata Sarkar

Independent Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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Directors' report
For the year ended 31 March 2021

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit LLC will therefore continue in office.

Approved by the Board and signed on its behalf by:

Camille Nehme
Director
22 December 2021
16 Charles II Street,
London,
United Kingdom,
SW1Y 4QU

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of HGHL Holdings Limited

Our opinion

We have audited the financial statements of HGHL Holdings Limited (the "Company"), which comprise the balance sheet as at 31 March 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the Company's profit for the year then ended;
- are properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and

Independent auditor's report to the members of HGHL Holdings Limited (continued)

- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Independent auditor's report to the members of HGHL Holdings Limited (continued)

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

E. Houghton

Edward Houghton (Senior Statutory Auditor)

For and on behalf of KPMG Audit LLC, Statutory Auditor

Heritage Court
41 Athol Street
Douglas
Isle of Man
IM1 1LA
22/12/2021

HGHL Holdings Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2021

	Note	2021 $	2020 $
Dividend income		6,449,720	4,928,415
Administrative expenses		(101,298)	(85,569)
Operating profit		6,348,422	4,842,846
Finance income	5	9,777,427	2,809,890
Finance costs	5	(7,867,493)	(2,115,742)
Profit before taxation		8,258,356	5,536,994
Tax	6	(343,641)	(115,630)
Profit after taxation		7,914,715	5,421,364
Other comprehensive income			
Gain/(loss) on available for sale financial assets	7	26,654,138	(16,249,960)
Total comprehensive income for the year		34,568,853	(10,828,596)

The notes on pages 11 to 21 form an integral part of these financial statements.

HGHL Holdings Limited
Balance Sheet
As at 31 March 2021

	Note	2021 $	2020 $
Non-current assets			
Loans to other group entities	15	150,000,000	150,000,000
		150,000,000	150,000,000
Current assets			
Investments	7,17	79,033,038	61,940,101
Loans to other group entities	15	17,732,424	1,238,044
Trade and other receivables	8	2,159,133	2,307,558
Cash and bank balances		1,331,266	69,774
		100,255,861	65,555,477
Total assets		250,255,861	215,555,477
Current liabilities			
Trade and other payables	10	393,677	483,101
Net current assets		99,862,184	65,072,376
Non-current liabilities			
Borrowings	9	147,239,683	147,018,729
Total liabilities		147,633,360	147,501,830
Net assets		102,622,500	68,053,647
Equity			
Share capital	11	160,456	160,456
Retained profit	12	102,462,044	67,893,191
Equity attributable to owners of the Company		102,622,500	68,053,647

The notes on pages 11 to 21 form an integral part of the financial statements.

The financial statements of HGHL Holdings Limited (Registered number: 08302976) were approved by the board of directors and authorised for issue on 22 December 2021. They were signed on its behalf by:

Camille Nehme

Director

HGHL Holdings Limited
Statement of Changes in Equity
For the year ended 31 March 2021

	Share capital $	Retained profit $	Total $
Balance as at 31 March 2019	160,456	78,721,787	78,882,243
Profit for the year	-	5,421,364	5,421,364
Other comprehensive income for the year	-	(16,249,960)	(16,249,960)
Balance at 31 March 2020	160,456	67,893,191	68,053,647
Profit for the year	-	7,914,715	7,914,715
Other comprehensive income for the year	-	26,654,138	26,654,138
Balance at 31 March 2021	160,456	102,462,044	102,622,500

The notes on pages 11 to 21 form an integral part of the financial statements.

HGHL Holdings Limited
Cash Flow Statement
For the year ended 31 March 2021

	Note	2021 $	2020 $
Net Cash generated from operating activities	13	6,059,050	3,006,869
Investing activities			
Payment to acquire financial assets		(24,524,647)	-
Proceeds on sale of financial assets		38,086,537	-
Interest received		9,436,486	2,186,637
Intercompany loans provided		(45,264,952)	(153,285,610)
Repayment of loans provided		29,124,647	47,958,000
Net cash generated from/(used in) investing activities		6,858,071	(103,140,973)
Financing activities			
Net proceeds from bank loans drawn		(1,593,250)	146,876,500
Repayments of borrowings		-	(45,000,000)
Finance costs paid		(6,062,379)	(2,258,914)
Dividends paid		(4,000,000)	-
Net cash (used in)/generated from financing activities		(11,655,629)	99,617,586
Net increase/(decrease) in cash and cash equivalents		1,261,492	(516,518)
Cash and cash equivalents at beginning of period		69,774	586,292
Cash and cash equivalents at end of period		1,331,266	69,774

The notes on pages 11 to 21 form an integral part of the financial statements.

1. General information

HGHL Holdings Limited is a private company incorporated in the United Kingdom under the UK Companies Act 2006. The address of the registered office is 16 Charles II Street, London, SW1Y 4QU, United Kingdom. The company was incorporated on 21 November 2012. The nature of the company's operations and its principal activities are set out in the Director's report on page 1 and 2.

These financial statements are prepared for the year ended 31 March 2021. The financial statements are presented in US Dollars which is the company's functional currency.

2. Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Director's report on page 1 and 2.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. On the basis of their assessment of the company's financial position and of the enquiries made of the Directors of Gulf Oil Corporation Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

The Novel Coronavirus (COVID-19), a Global Pandemic, has significantly affected the global economy and as a result the Directors have considered the impact on the Company. The Company has assessed its liquidity position for a period of at least one year from the balance sheet date, of the recoverability and carrying values of its assets comprising Investments, Trade Receivables, and Loan Receivables, and ability to pay its liabilities as they become due at the balance sheet date and has concluded that there is no material impact or adjustments required in the financial statements of the Company for the year ended March 31, 2021.

However, the impact assessment of COVID-19 is a continuing process and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

3.2 Standards issued but not yet effective

A number of new Standards are effective for annual periods beginning after 1 January 2021 and earlier adoption is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The amended standards and interpretations are not expected to have a significant impact on the company's financial statements.

3.3 Accounting policies

Foreign currency

The financial statements are presented in US Dollars, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

3. Significant accounting policies (continued)

3.3 Accounting policies (continued)

Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. Significant accounting policies (continued)

3.3 Accounting policies (continued)

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets.

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. Significant accounting policies (continued)

3.3 Accounting policies (continued)

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Financing income and expenses

Financing expenses include interest payable on borrowings. Financing income comprises interest receivable on loans receivable.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Administrative expenses

Administrative expenses include accountancy, directors and professional expenses. Expenses are accounted for on an accruals basis.

4. Critical judgements in applying the company's accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

During the year, there were no critical judgements made in applying the company's accounting policies.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Valuation of investment

For the year ended 31 March 2019, management exercised judgement in their assessment of the fair value of the Company's investment in Gulf Houghton Lubricants Limited which holds the investment in Global Houghton Limited ("Houghton"). The valuation of this investment was dependent on the proposed transaction between Quaker Chemical

4. Critical judgements in applying the company's accounting policies and key sources of estimation uncertainty (continued)

Valuation of investment (continued)

Corporation, a public listed company on the New York Stock Exchange, and Gulf Houghton Lubricants Limited, announced on 4 April 2017 (the "Transaction"). The valuation methodology used significant inputs which were not based on observable market data; therefore, this valuation technique was classified as level 3 in the fair value hierarchy.

Details of the valuation of the investment are provided in note 7. Given the announcement of the Transaction, management applied a Probability-Weighted Expected Return Method ("PWERM") in estimating the fair value of Houghton. Specifically, two scenarios were considered: i) a valuation of Houghton assuming the transaction does not close (i.e. a "standalone" valuation), and ii) a valuation of Houghton assuming the transaction does close. The valuation results for the two Scenarios were then weighted based on input regarding the likelihood of each occurring. Management assessed the probability of 70% be assigned to the likelihood of the transaction completing. This was based on an evaluation of the regulatory approval for the transaction to proceed. Detailed sensitivity analysis had been carried out and management were confident that the carrying amount of the asset as at 31st March 2019, represented fair value. An increase in probability to 80% were increased the fair value of the investment by $4,900,694. A decrease in probability to 50% would have represented a reduction in fair value of $9,801,388.

On August 1, 2019, Quaker Chemical Corporation and Houghton completed the Combination and acquired all of the issued and outstanding shares of Houghton from Gulf Houghton Lubricants, Ltd. ("Gulf") and certain other selling shareholders in exchange for a combination of cash and shares of the Company's common stock in accordance with the share purchase agreement dated April 4, 2017 (the "Share Purchase Agreement"). Consequently, the valuation methodology applied as at 31 March 2021 uses observable market data, on the basis that the beneficial holding relates to a single asset quoted on the New York Stock Exchange (Ticker: KWR), and is therefore classified as a Level 2 investment in the fair value hierarchy.

On 1 March 2021, the company invested USD 24,524,694 for a 10% shareholding in 57 Whitehall Investments SARL. This is an unquoted investment and has been measured at FVOCI.*

Investments in equity instruments are subsequently measured at fair value through profit or loss unless an election is made on an instrument by instrument basis to recognise fair value gains and losses in other comprehensive income. For investments carried at fair values, a fair valuation is done at the year-end as required in accordance with IFRS 9.

*In case of unquoted investments included in Level 3 of the fair value hierarchy, cost is considered as an appropriate estimate of fair value since there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range as permitted under IFRS 9. Wide range of fair values were possible due to various factors such as absence of recent observable transactions, restrictions on transfer of shares, existence of multiple valuation techniques, investee's varied and unobservable nature of portfolio of investments for which significant estimates and judgements are required to arrive at fair value.

Loan receivable

The recoverability and credit risk assessment of the loan receivable from 57 Whitehall Investments SARL, which is linked to the property development activities of this entity.

5. Finance income and costs

	2021	**2020**
	$	**$**
Interest on loans (including bank interest)	(4,530,438)	(1,044,929)
Letter of credit charges	(1,837,055)	(320,813)
Guarantee commission	(1,500,000)	(750,000)
Total interest expense	(7,867,493)	(2,115,742)
Finance income (note 15)	9,777,427	2,809,890
Net finance income	1,909,934	694,148

6. Tax

There is a corporation tax charge in 2021. $6,449,720 dividends received is non-taxable income, therefore $1,808,636 relating to net interest receipts is taxable at 19%.

	2021 $	2020 $
Profit before taxation	8,258,356	5,536,994
Tax calculated at 19% (2020 – 19%)	343,641	115,630
Effects of:		
Utilisation of tax losses	-	
Income tax refund	-	-
Income tax expense	343,641	115,630

7. Available for sale investments

	2021 $	2020 $
Investments carried at fair value through other comprehensive income		
Opening balance	61,940,101	78,190,061
Change in fair value	26,654,138	(16,249,960)
Acquisition of investment	24,524,694	-
Disposal of investment	(34,085,895)	-
Total investments	79,033,038	61,940,101

The value of the investment increased by $26,654,138 (2020: decreased by $16,249,960) during the year. On 30 September 2020, the company sold 4.68% holding in Gulf Houghton Lubricants Ltd for an amount of $38,085,849.

On 1st August 2019, Quaker Chemical Corporation and Houghton completed the Combination and acquired all of the issued and outstanding shares of Houghton from Gulf Houghton Lubricants, Ltd. ("Gulf") and certain other selling shareholders in exchange for a combination of cash and shares of the Company's common stock in accordance with the share purchase agreement dated 4th April 2017 (the "Share Purchase Agreement"). Consequently, the valuation methodology applied as at 31st March 2021 and 31st March 2020 uses observation market data, on the basis that the beneficial holding relates to a single asset quoted on the New York Stock Exchange (Ticker: KWR). The valuation in the current year was based on the attributable number of shares at the closing market price of KWR, plus attributable cash proceeds adjusted for dividends and interest. The investment is therefore classified as a Level 2 financial instrument. Post year end the company disposed of its remaining shareholding. Refer to note 17.

On 1 March 2021, the company invested $24,524,694 for a 10% shareholding in 57 Whitehall Investments SARL.

8. Trade and other receivables

	2021 $	2020 $
Accrued Income (with related party)	564,016	577,150
VAT receivable	-	724
Prepayments	73,812	86,879
Dividends receivable	1,521,305	1,642,805
	2,159,133	2,307,558

The carrying value of trade and other receivables approximate their fair value due to the short-term maturities or nature of these instruments. All trade and other receivables are held as loans and receivables.

9. Borrowings

	2021 $	2020 $
Secured borrowing at amortised cost		
Bank loans	150,000,000	150,000,000
Less: Capitalised fees	(2,760,317)	(2,981,271)
	147,239,683	147,018,729
Total borrowings	147,239,683	147,018,729
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	147,239,683	147,018,729

The other principal features of the company's borrowings are as follows:

An external loan of $150,000,000 from Union Bank of India (UBI) was taken in two tranches, $75,000,000 on 10th March 2021 and $75,000,000 on 12th March 2021. Interest on loan is charged at an effective rate of 4.56%, which is fixed at 2.60% fixed interest, plus 0.896% Libor rate and 1.06% Letter of credit (LOC) rate.

The carrying value of borrowings approximates its fair value as at 31st March 2021 due to floating interest rates being applicable to the borrowings. All borrowings are held at amortised cost.

10. Trade and other payables

	2021 $	2020 $
Interest payable	308,332	296,970
Trade creditor	32,714	177,418
Corporation tax payable	52,631	8,713
	393,677	483,101

The carrying value of trade and other payables approximates their fair value. All trade and other payables are held at amortised cost.

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11. Share capital

	2021 $	2020 $
Authorised, allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	160,456	160,456

The Company has one class of ordinary shares which carry no right to fixed income and were issued on incorporation.

12. Retained profit

	2021 $	2020 $
Opening balance	67,893,191	78,721,787
Profit for the period	7,914,715	5,421,364
Other comprehensive income/(expense)	26,654,138	(16,249,960)
Closing balance	102,462,044	67,893,191

The retained profit comprises the accumulated comprehensive income of the company, less any dividends paid.

13. Notes to the cash flow statement

	2021 $	2020 $
Profit for the period after tax	7,914,715	5,421,364
Adjustments for:		
Movements in working capital	54,269	(1,720,348)
	7,968,984	3,701,016
Interest receivable	(9,777,427)	(2,809,890)
Interest payable	7,867,493	2,115,742
Net cash from operating activities	6,059,050	3,006,869

14. Financial Instruments

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings disclosed in note 9 after deducting cash and bank balances), and equity of the company's parent, comprising issued capital and retained earnings as disclosed in notes 11 to 12. The Company is an investment holding company.

14. Financial Instruments (Continued)

Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at floating interest rates. The Company's profit before tax would decrease by $156,250 (2020: $156,250) if LIBOR increases by 50 basis points.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Trade receivables and loans to other group entities consist of a receivable from a related party and considers the credit risk from the related party to be low based on the financial position of the counter party.

Liquidity risk management

The company receives interest income in time to pay the interest expense. Payments are received from the related party in time for repayments of the bank borrowings.

Liquidity and interest risk tables

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and the undiscounted amount are derived from the interest rate curve. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate %	Less than 1 year $	1-5 years $	> 5 years $	Total $
31 March 2021					
Non-interest bearing	-	-	-	-	-
Variable interest rate instruments	3.85	-	68,750,000	81,250,000	150,000,000
Principal		-	68,750,000	81,250,000	150,000,000
Interest		5,771,070	17,016,641	1,589,048	24,376,759
31 March 2020					
Non-interest bearing	-	-	-	-	-
Variable interest rate instruments	4.56	-	65,625,000	84,375,000	150,000,000
Principal		-	65,625,000	84,375,000	150,000,000
Interest		6,837,000	23,159,151	5,720,053	35,716,203

HGHL Holdings Limited
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14. Financial Instruments (Continued)

Liquidity and interest risk tables

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate %	Less than 1 year $	1-5 years $	> 5 years $	Total $
31 March 2020					
Fixed interest rate instruments	6.59	-	65,625,000	84,375,000	150,000,000
Trade and other receivables	-	2,307,559	-	-	2,307,559
		2,307,559	65,625,000	84,375,000	152,307,559
31 March 2021					
Fixed interest rate instruments	5.89	-	68,750,000	81,250,000	150,000,000
Trade and other receivables	-	2,159,133	-	-	2,159,133
		2,159,133	68,750,000	81,250,000	152,159,133

15. Related party transactions

31 March 2021

Transactions	**Immediate Parent $**	**Others $**
Interest income	-	9,777,427
Guarantee Commission	(1,500,000)	-
Balances		
Loans given	-	167,732,424
Trade and other payables	-	32,027
Trade and other receivables	-	1,521,305

31 March 2020

Transactions	**Immediate Parent $**	**Others $**
Interest income	-	2,809,890
Guarantee Commission	(750,000)	-
Balances		
Loan given	-	151,238,044
Trade and other payables	-	177,418
Trade and other receivables	-	1,642,805

16. Auditor's remuneration

Fees payable to KPMG Audit LLC for the audit of the company's annual accounts were $39,123 (2020: $38,326). No non-audit fees were paid to KPMG Audit LLC for the year ended 31 March 2021.

17. Subsequent events

On 29th June 2021 the Company executed a Sale and Purchase Agreement with Gulf Oil International Limited, whereby the Company agreed to sell and Gulf Oil International Limited agreed to purchase 2.3% of the shareholding in Gulf Houghton Lubricants, for a consideration of $20,935,785. Furthermore on 21st July 2021 the Company executed a Sale and Purchase Agreement with Gulf Oil International Limited, whereby the Company agreed to sell and Gulf Oil International Limited agreed to purchase its remaining shareholding in Gulf Houghton Lubricants, for a consideration of $26,483,120 which completes the disposal of the investment with the exception of $1,840,947 of escrow money which is due to be repaid to the company.

18. Parent and ultimate parent undertaking

Gulf Oil Corporation Limited (GOCL) incorporated in India is the immediate parent company of this Company throughout the financial period. The financial statements of GOCL are available at its registered office at Kukatpally, Hyderabad, India. The ultimate parent company of the Company is Amas Holding SPF, a company incorporated in Luxembourg.

Certified True Copy
For GOCL Corporation Limited

Company Secretary