International Diesel Service

Registered number: 00891684

International Diesel Service Limited

Directors' report and financial statements

For the year ended 31 March 2014

International
Diesel
Service

International Diesel Service Limited

Officers and professional advisers

DIRECTORS
Mr S J Madden (Dual British / Australian national) resigned 1 July 2013
Mr J F Z Innegraeve (Belgian national)
Mr G Franzi resigned 1 October 2013
Mr P M L Declerck (Belgian national) appointed 1July 2013
Mr A H A B Almutawa appointed 1 October 2013

COMPANY SECRETARY

Mr T P A Decraene

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Reading Central
23 Forbury Road
Reading
Berkshire
RG1 3JH

REGISTERED OFFICE

6th Floor
Dukes Court
Duke Street
Woking
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GU21 5BH

Tel: 01483 757747
Web: www.ids.q8.com

Strategic report
For the year ended 31 March 2014

The directors present their strategic report on the company for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was the provision of fuel to hauliers through a network of fully automated 24 hour outlets operated by third parties.
Fuel was purchased by customers using a Fuel Card issued by the Kuwait Petroleum Group, under the brand 'IDS', which is accepted by a number of third party companies in the United Kingdom. During the financial year the company has restructured its operations and now operates as sales & marketing support function and an operations and distribution services provider to IDS Europe BV.

REVIEW OF THE BUSINESS

The group monitors performance as a whole and a complete review of the business and future prospects of the group is included in the Directors' Report of the ultimate parent company's financial statements, Kuwait Petroleum (U.K. Holdings) Limited, Company Registered no: 02063581.

POSITION OF THE BUSINESS

The company's profit for the year was £54K (2012: £120K (loss)). The financial statements have been prepared on the going concern basis, notwithstanding total net assets of £256K (2012: £1,842K net liabilities), which the directors believe to be appropriate as explained in the Directors' Report.

KEY PERFORMANCE INDICATORS

The company has shown turnover of £7,349K during the year as compared to £9,105K the previous year. The gross profit for the year has decreased from £110K in the previous year to £69K for the current year. Both are the result of the decreased volume caused by the ongoing economic crisis. Equally the lower volume affects the variable elements of the expenses and this has offset the decrease in gross profit.

PRINCIPAL RISKS AND UNCERTAINTIES

The company ensures continuous risk identification and management process by identifying risks which may affect the company's business. The company also periodically evaluates its appetite for risk and selects appropriate risk management strategies. The company obtains appropriate insurance policies to mitigate risks and also sets up processes and internal control measures to mitigate risks.

The key risk to the company is the credit risk related to the customers, as also mentioned in the financial risk management section. The company exercises close review of risk before granting customer credit and also applies continued monitoring to the ongoing credit situation of the customers with procedures and systems enforcing timely blocking where required.

Risks are periodically evaluated to ascertain applicability to changing business scenarios. Specified persons are assigned the responsibility of monitoring identified risks on a continuous basis and report to management any significant variations in the existing identified risks and also draw attention to any new risks in their area of operations.

On behalf of the Board
Mr P M L Declerck
Director
Date:
19-9-2014

Mr J F Z Innegraeve
Director
Date: 19-9-2014

Directors' report
For the year ended 31 March 2014

The directors present their report and the audited financial statements of the company for the year ended 31 March 2014.

FUTURE DEVELOPMENTS

The company has restructured its operations and now operates as a sales & marketing support function and an operations and distribution services provider to IDS Europe B.V..

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 March 2014 are set out on pages 6 to 15. The results represent a twelve month trading period and show a profit on ordinary activities before tax of £54K (2013: loss of £120K).

Despite the low performance on volumes in the year, which are the lowest since the start of the economic crisis in 2008, the Company was able to gain a profit. This was a result of lower administrative expenses.

The directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: £nil).

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign currency exchange interest rate risk, and cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on financial performance of the company by monitoring levels of debt finance and the related finance cost.

GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company KPC Holding (Aruba) A.E.C. The company is the principal operating subsidiary of Kuwait Petroleum (U.K. Holdings)Limited, which acts as treasurer for the group. The directors have received confirmation that KPC Holdings (Aruba) A.E.C. intend to support the company for at least one year after these financial statements are signed.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were as follows:
Mr S J Madden (Dual British / Australian national) resigned 1 July 2013
Mr J F Z Innegraeve (Belgian national)
Mr G Franzi resigned 1 October 2013
Mr P M L Declerck (Belgian national) appointed 1July 2013
Mr A H A B Almutawa appointed 1 October 2013

Directors' report (Continued)
For the year ended 31 March 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgments and accounting estimates that are reasonable and prudent;

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with section 418 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed and accepted at the Annual General Meeting.

Mr P M L Declerck
Director
Date: 19-9-2014

Mr J F Z Innegraeve
Director
Date: 19-9-2014

Independent auditors' report to the members of International Diesel Service Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by International Diesel Service Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

John Maitland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

19 September 2014

Profit and loss account

For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	2	7,349	9,105
Cost of sales		(7,280)	(8,995)
Gross profit		69	110
Administrative expenses		(147)	(376)
Other operating income	3	158	183
Operating profit/ (loss)	4	80	(83)
Interest payable and similar charges	5	(26)	(37)
Profit/ (loss) on ordinary activities before taxation		54	(120)
Tax on profit/ (loss) on ordinary activities	7	-	-
Profit/ (loss) for the financial year	13	54	(120)

There are no recognised gains or losses in either financial year, other than the result for each financial year and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit/ (loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical costs equivalents.

All results are from continuing operations.

Balance sheet
As at 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	1	10
			-
Current assets			
Debtors	9	1,129	3,125
Cash at bank and in hand		-	537
		1,129	3,662
Creditors: amounts falling due within one year	10	(274)	(5,514)
Net current assets/ (liabilities)		855	(1,852)
Total assets less current liabilities		856	(1,842)
Creditors: amounts falling due after more than one year	11	(600)	-
Net assets/ (liabilities)		256	(1,842)
Capital and reserves			
Called-up share capital	12	2,000	2,000
Capital Contribution	12	2,044	-
Revaluation reserve	13	11	11
Profit and loss account	13	(3,799)	(3,853)
Total shareholders' funds/ (deficit)	14	256	(1,842)

These financial statements on pages 6 to 15 were approved by the Board of directors on and were signed on its behalf by:

Mr P M L Declerck
Director
Date: 19-9-2014

Mr J F Z Innegraeve
Director
Date: 19-9-2014

Registered number: 00891684

Notes to the financial statements
For the year ended 31 March 2014

1. Accounting policies

A summary of the company's principal accounting policies, which have been applied consistently throughout the current and preceding year, is set out below.

a) Basis of accounting

These financial statements are prepared under the historic cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The ultimate parent company, Kuwait Petroleum Corporation, a company incorporated in Kuwait, has confirmed its intention to maintain financial support for the foreseeable future to enable the company's liabilities to be settled as they fall due. Therefore the directors feel it is appropriate to prepare the financial statements under the going concern basis.

b) Turnover

Turnover is presented gross of excise duties. Turnover from sale of goods is stated net of value added tax and is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

c) Tangible fixed assets

Tangible fixed assets are stated at cost less provision for impairment and accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The cost of the tangible assets, less their estimated residual values, is written off on a straight-line basis, over the estimated useful lives, as follows:

Vehicles, plant and equipment - 3 to 20 years

d) Stocks

Stocks are valued at the lower of weighted average cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

e) Taxation

Corporation tax payable is provided for on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

1. Accounting policies (continued)

e) Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

f) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

g) Pensions

The company participates in a group defined benefit scheme. The assets and liabilities of the scheme are recognised in full in the financial statements of Kuwait Petroleum International Limited. The company accounts for its obligations in respect of the defined benefit scheme on a defined contribution basis. The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17, shows a deficit position. For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the financial year.

Contributions are also made to the personal plans of certain employees. The expenditure is charged to the profit and loss account in the period to which it relates.

Further information on pension costs is provided in note 15.

h) Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of Financial Reporting Standard (FRS) 1 'Cash flow statements' (revised 1996) a cash flow statement for the company has not been provided, on the grounds that it is a wholly owned subsidiary company of a group headed KPC Holdings (Aruba) A.E.C. and is included in the consolidated financial statements of that company, which are publicly available.

2. Turnover

The turnover and profit/(loss) is attributable to one activity, the marketing and distribution of petroleum products. In both years the net liabilities relate to trade in the United Kingdom. Turnover is all generated from activities in the United Kingdom.

3. Other operating income

Other operating income principally consists of fees received from group companies for customer lifting's made on their behalf and for the provision of value added tax services.

Notes to the financial statements
For the year ended 31 March 2014

4. Operating profit/ (loss)

This is stated after charging:

	2014 £'000	2013 £'000
Services provided by the company's auditor		
Fees payable for the audit	19	19
Depreciation of tangible fixed assets	9	9
Foreign exchange losses	-	7

5. Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable to immediate parent undertaking	16	21
Interest payable to other group undertakings (note 11)	10	16
	26	37

6. Staff costs and directors' remuneration

Staff costs during the financial year amounted to:

	2014 £'000	2013 £'000
Wages and salaries	77	75
Social security costs	7	7
Other pension costs (note 15)	19	14
	103	96

The average monthly number of employees excluding directors was:

	2014	2013
By activity		
Sales	2	2
	2	2

Directors' remuneration

The directors received no remuneration for their services to the company in the current or prior years.

One director (2013: one) was a member of the group defined benefit pension scheme.

Notes to the financial statements

For the year ended 31 March 2014

7. Tax on profit/ (loss) on ordinary activities

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax	-	-
Adjustment in respect of the previous years	-	-
Total current tax	-	-

The tax assessed for the year is lower (2013: higher) than the standard effective rat of corporation tax in the UK for the year ended 31 March 2014 of 23% (2013: 24%). The differences are explained below:

	2014	2013
	£'000	£'000
Profit/ (loss) on ordinary activities before taxation	54	(120)
Profit/ (loss) on ordinary activities multiplied by standard rate in the UK of 23% (2013: 24%)	12	(29)
Effects of:		
Depreciation in excess of capital allowances	(2)	(4)
Group Relief	(10)	33
	(12)	29
Current tax charge for the financial year	-	-

The company has a deferred tax asset of £86,252 (2013: £107,031) which has not been recognised as there is insufficient evidence of future taxable profits for the Kuwait Petroleum UK Group against which the deferred tax asset can be realised.

During the period, Finance Act 2013 was enacted and included legislation to reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. As this change was substantively enacted at the balance sheet date and no deferred tax asset is expected to unwind prior to 1 April 2015, the unrecognised deferred tax asset at 31 March 2014 has been calculated at 20%.

Notes to the financial statements
For the year ended 31 March 2014

8. Tangible fixed assets

	Vehicles, plant and equipment	Total
	£'000	£'000
Cost		
At 1 April 2013	60	60
At 31 March 2014	60	60
Accumulated depreciation		
At 1 April 2013	(50)	(50)
Charge for the year	(9)	(9)
At 31 March 2014	(59)	(59)
Net book value		
At 31 March 2014	1	1
At 31 March 2013	10	10

9. Debtors

	2014	2013
	£'000	£'000
Trade debtors	32	1,597
Amounts owed by other group undertakings	825	871
Other debtors	272	657
	1,129	3,125

All amounts owed by group undertaking are unsecured, non interest bearing and repayable on demand.

Notes to the financial statements
For the year ended 31 March 2014

10. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	-	293
Amounts owed to other group undertakings	91	4,363
Other creditors	-	43
Accruals and deferred income	14	215
Short term borrowings	169	-
Loans from immediate parent undertaking	-	600
	274	5,514

All amounts owed to other group undertaking are unsecured and repayable on demand.

11. Creditors: amounts falling due after more than one year

	2014	2013
	£'000	£'000
Loans from immediate parent under taking	600	-
	600	-

Amount of loan	Repayment due date	Interest rate
£600,000	31 March 2024	12 month LIBOR plus 0.75 percent

All loans may be repaid earlier at the borrower's option and are unsecured.

Notes to the financial statements
For the year ended 31 March 2014

12. Called up share capital

	2014 £'000	2013 £'000
Authorised		
3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted and fully paid		
2,000,000 ordinary shares of £1 each	2,000	2,000
Capital Contribution		
Contribution 2014	2,044	-

During the year International Diesel Service Limited received a permanent capital contribution from it's immediate parent, Kuwait Petroleum (UK Holdings) Limited of £2,044k. Kuwait Petroleum (UK Holdings) Limited made this contribution for nil consideration and International Diesel Service Limited have no intention to repay this amount.

13. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
As at 1 April 2013	11	(3,853)	(3,842)
Profit for the financial year	-	54	54
As at 31 March 2014	11	(3,799)	(3,788)

14. Reconciliation of movements in shareholders' deficit

	2014 £'000	2013 £'000
Profit/ (loss) for the financial year	54	(120)
Capital contribution	2,044	-
Opening shareholders' deficit	(1,842)	(1,722)
Closing shareholders' funds/ (deficit)	256	(1,842)

Notes to the financial statements

For the year ended 31 March 2014

15. Pension commitments

International Diesel Service Limited participates in a funded, defined benefit pension plan called the KPC UK Group Retirement Plan. This scheme is closed to new members.

The assets and liabilities of the Scheme are recognised in full in the financial statements of Kuwait Petroleum International Limited. Kuwait Petroleum International Limited bears the majority of the risks and rewards of the Scheme and as such, in accordance with FRS 17, it is considered appropriate to recognise the full defined benefit deficit in this entity. It is not possible to separately identify International Diesel Service Limited's share of the assets and liabilities of the defined pension scheme. Full disclosures regarding the Scheme are included in the financial statements of Kuwait Petroleum International Limited, which are publicly available from Companies House.

The group also operates a defined contribution pension scheme in the UK, the assets of which are held in separate trustee administered funds. The total pension cost for the company for the year was £ 19,363 (2013: £ 13,692). Of this £ 3,522 (2013: £ 3,440) relates to a recharge from Kuwait Petroleum International Limited in respect of the defined benefit scheme and £15,841 (2013: £11,854) relates to the UK defined contribution scheme.

The UK Group has agreed a recovery plan for the Scheme deficit with the Scheme Trustees of £3,850,000 per annum payable over a period of 10 years with the initial payment in June 2010 and subsequent payments made by 31 March 2011 and each 31 March thereafter. The total agreed additional contributions for the UK group for the year ended 31 March 2014 are £3,850,000.

16. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard Number 8 "Related Party Disclosures," and has not disclosed details of transactions with other group undertakings as it is a wholly-owned subsidiary of Kuwait Petroleum Corporation, which prepares consolidated financial statements which are publicly available.

17. Ultimate parent company and controlling party

The parent company of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Kuwait Petroleum Corporation (the company's ultimate parent), a company incorporated in Kuwait. Kuwait Petroleum Corporation is owned by the government of Kuwait, who represent the ultimate controlling party. The immediate parent company of the smallest group is KPC Holdings (Aruba) A.E.C. incorporated in Aruba.