Registered Number 01734259

Kuwait Petroleum International Limited
Annual report and financial statements
For the year ended 31 March 2016

Kuwait Petroleum International Limited

Annual report and financial statements for the year ended 31 March 2016

Contents

Kuwait Petroleum International Limited

Directors and advisors

Directors

A Saunders
B Al-Rashidi
K Al-Mushaileh

Company Secretary

Peter Coules

Registered office

6th Floor
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Duke Street
Woking
GU21 5BH

Bankers

National Bank of Kuwait Plc
13 George Street
London
W1U 3QJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Berkshire
RG1 3JH

Kuwait Petroleum International Limited

Strategic report for the year ended 31 March 2016

The directors present the strategic report, their report and the audited financial statements of Kuwait Petroleum International Limited (the "Company") for the year ended 31 March 2016.

Review of business

Principal activities

The principal activity of the Company during the financial year was the provision of promotional, administrative and advisory services to subsidiary undertakings of its ultimate parent company, Kuwait Petroleum Corporation. The majority of costs incurred by the Company in providing such services are charged to fellow subsidiary undertakings at a mark up. The Company's costs are incurred in the main from three locations UK, Netherlands and Kuwait.

Key Performance Indicators

Due to the ad-hoc nature of costs incurred by the Company, the directors manage the group's operations on a divisional basis. For this reason, they believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

The Company made a profit for the financial year £5,867k (2015: £1,382k loss) as shown in the Company's income statement on page 8. The transition to FRS 101 has had an impact on the prior year, increasing the loss by £315k with the change from FRS 17 to IAS 19R (note 19). The Company is the principal employer of the KPC UK Group defined benefit scheme. Full IAS 19R disclosures can be found in Note 15.

During the current financial year the Company also made an additional payment of £5,000k (2015: £5,000k) to the pension schemes of which £5,000k (2015: £3,850k) was to the KPC UK Group defined benefit scheme and nil (2015: £1,150k) in respect of the Executive and Overseas Pension Scheme (see Note 15). In contrast to administrative expenses and other costs these payments have not been charged out to group companies within the Kuwait Petroleum Corporation organisation as the liability is recorded in full within the financial statements. It should be noted that in the prior financial year the cost of service and interest related to the KPC UK Group defined benefit scheme was not recharged out to group companies and neither was the additional payment to the Executive and Overseas Pension Scheme payment, resulting in a loss for the financial year. The charges out to group companies in respect of the KPC UK Group defined benefit scheme for the prior period are now appropriately reflected. The recharge to the Executive Overseas Pension scheme for the prior period is included in the result for this financial year, to appropriately reflect the liability.

The statement of financial position on page 9 of the financial statements show that the Company's position at the year end has improved with negative equity of £32,791k (2015: negative equity of £46,480k) following recognition in the financial year ended 31 March 2016 of the actuarial gains and losses resulting from remeasurements of the KPC UK Group defined benefit scheme (see Note 15). With the confirmed continuing support from the intermediate holding corporation KPC Holdings (Aruba) A.E.C., (which has provided a confirmation of financial support, should it be required for the Company to meet its liabilities as they fall due, for at least 18 months from the date of approval of these financial statements) the Company will be able to pay its debts as and when they fall due.

Approved by the Board of Directors and signed on its behalf by

L A Saunders
Director
22 December 2016

Kuwait Petroleum International Limited

Directors' report for the year ended 31 March 2016

A review of the business is presented within the strategic report and is incorporated here by reference.

Principal activities

The principal activity of the Company during the financial year was the provision of promotional, administrative and advisory services to subsidiary undertakings of its ultimate parent company, Kuwait Petroleum Corporation. The majority of costs incurred by the Company in providing such services are charged to fellow subsidiary undertakings at a markup.

Going concern

The financial statements have been prepared on the going concern basis for the foreseeable future for a period of at least 12 months from the date of signing the financial statements. With the confirmed continuing financial support from the intermediate holding corporation KPC Holdings (Aruba) A.E.C. (which has provided a confirmation of financial support, should it be required for the Company to meet its liabilities as they fall due for at least 18 months from the date of approval of these financial statements), the Company will be able to meet its obligations and liabilities as and when they fall due.

Future developments

Kuwait Petroleum International Limited occasionally undertakes coordination and control of projects on behalf of the wider KPI group companies. It is likely therefore that there will be some future projects of this type in the next few years. The nature and scope of these projects is unknown at the present time.

Financial risk management

The Company is not exposed to significant financial risks due to the nature of the business. The board is confident that the exposure to risk is properly managed to limit the possible adverse impact on the financial performance of the Company.

Principal risks and uncertainties

The directors do not believe the Company has any significant exposure to price, credit, liquidity or cash flow risk. Its major costs consist of wages and professional fees, all of which are recharged to other group related undertakings. Although it has significant debtor balance the majority is made up of monies owed by other group related undertakings. In addition there is an exposure due to external market changes which impact the pension liability £28,831k (2015: £39,900k). Further the intermediate parent company KPC Holdings (Aruba) A.E.C., has provided confirmation of on-going financial support to all subsidiary companies and therefore the directors consider there is no risk of the balances not being settled.

Dividends

No dividend was declared during the financial year (2015: £nil).

Slavery and human trafficking statement

The Company is committed to ensuring that there are no acts of modern day slavery within its own business or within its supply chains. We acknowledge our responsibility to the Modern Slavery Act 2015 and will work to ensure transparency within the organisation and with suppliers of goods and services to the organisation.

The Company is part of a state owned enterprise that markets jet fuel to customers at airports worldwide. We have business relationships with other group companies and with external businesses for supplying jet fuel. These, as well as the suppliers of various other products and services, form our supply chains.

As part of our diligence process into slavery and human trafficking, the key supplier approval process will incorporate a review of the controls undertaken by our suppliers. Included in the supplier chain are imported products from sources outside of the EU that are potentially more at risk for slavery and human trafficking issues, and therefore management resources will be especially focused on those areas.

The Company will not support or deal with any business knowingly involved in slavery and human trafficking.

The senior management team has been trained in the subject of Modern Slavery and has been closely involved in the due diligence process, producing a comprehensive gap analysis and attending workshops. All other staff have been made aware of the Company policy and statement.

Directors' report for the year ended 31 March 2016

Slavery and human trafficking statement (continued)

The Company's directors and senior management will take the responsibility of implementing this policy and will provide adequate resources and investment to ensure that slavery and human trafficking is not taking place within the organisation and its supply chains. Further details can be found on the Company website: www.q8.com/sustainability.html#Community.

Donations

There were no donations made in the year to any political parties (2015: £nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

A Saunders
B Al-Rashidi
K Al-Mushaileh

Directors' indemnity statement

At the time the report is approved and at any time during the financial year there were no qualifying third party indemnity provisions and/or qualifying pension scheme indemnity provisions (whether made by the Company or otherwise) in place for the benefit of one or more of the directors or one or more of the directors of an associated company.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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

So far as each person currently serving as a director of the Company at the date this report is approved is aware, there is no relevant audit information of which the Company's auditors are unaware and each director hereby confirms that he has taken all 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.

Kuwait Petroleum International Limited

Directors' report for the year ended 31 March 2016

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by

A Saunders

Director

22 December 2016

Independent auditors' report to the members of Kuwait Petroleum International Limited

Report on the financial statements

Our opinion

In our opinion, Kuwait Petroleum International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

What we have audited

The financial statements, included within the Annual report and financial statements for the year ended 31 March 2016 (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2016;
- the Income statement for the year then ended;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

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.

Independent auditors' report to the members of Kuwait Petroleum International Limited (continued)

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 4, 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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in 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. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Julian Gray

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
22 December 2016

Kuwait Petroleum International Limited

Income Statement
for the year ended 31 March 2016

	Note	**2016** **£'000**	2015 £'000
Revenue	5	**55,697**	47,196
Administrative expenses		**(50,912)**	(49,406)
Other income	6	**2,316**	1,842
Operating profit/(loss)	6	**7,101**	(368)
Finance income	9	**48**	59
Finance costs	9	**(1,282)**	(1,073)
Finance costs - net		**(1,234)**	(1,014)
Profit/(loss) on ordinary activities before income tax		**5,867**	(1,382)
Tax on profit/(loss) on ordinary activities	10	**-**	-
Profit/(loss) for the financial year		**5,867**	(1,382)

The results for the years shown above are derived entirely from continuing operations. No operations were acquired or discontinued.

Statement of comprehensive income
for the year ended 31 March 2016

	Note	**2016** **£'000**	2015 £'000
Profit/(loss) for the financial year		**5,867**	(1,382)
Other comprehensive income/(expense) : Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) recognised in the pension scheme	15	**7,822**	(17,930)
Total comprehensive income/(expense) for the year		**13,689**	(19,312)

Kuwait Petroleum International Limited

Statement of financial position
as at 31 March 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	12	**751**	490
Intangibles	11	**16**	116
		767	606
Current assets			
Trade and other receivables	13	**22,739**	20,432
Cash and cash equivalents		**2,911**	1,952
		25,650	22,384
Creditors: Amounts falling due within one year	14	**(30,377)**	(29,570)
Net current liabilities		**(4,727)**	(7,186)
Total assets less current liabilities		**(3,960)**	(6,580)
Post-employment benefits	15	**(28,831)**	(39,900)
Net liabilities		**(32,791)**	(46,480)
Equity			
Called up share capital	16	**5,500**	5,500
Accumulated losses		**(38,291)**	(51,890)
Total shareholders' deficit		**(32,791)**	(46,480)

The financial statements on pages 8 to 28 were approved by the board of directors on 22 December 2016 and were signed on its behalf by:

A Saunders

Director

Company number: 01734259

Kuwait Petroleum International Limited

Statement of changes in equity
for the year ended 31 March 2016

	Called up share capital	Accumulated losses	Total equity
	£ '000	£ '000	£ '000
At 1 April 2014 (as previously reported)	5,500	(32,847)	(27,347)
Effects of changes in accounting policies (note 19)	-	179	179
Balance as at 1 April 2014	**5,500**	**(32,668)**	**(27,168)**
Loss for the financial year	-	(1,382)	(1,382)
Other comprehensive expense for the year:			
Actuarial loss recognised in the pension scheme	-	(17,930)	(17,930)
Total comprehensive expense for the year	-	(19,312)	(19,312)
Balance at 31 March 2015	**5,500**	**(51,980)**	**(46,480)**
Balance at 1 April 2015	5,500	(51,980)	(46,480)
Profit for the financial year	-	5,867	5,867
Other comprehensive income for the year:			
Actuarial gain recognised in the pension scheme	-	7,822	7,822
Total comprehensive income for the year	-	13,689	13,689
Balance at 31 March 2016	**5,500**	**(38,291)**	**(32,791)**

Kuwait Petroleum International Limited

Notes to the financial statements for the year ended 31 March 2016

1 General information

Kuwait Petroleum International Limited provides promotional, administrative and advisory services to subsidiary undertakings of its ultimate parent company, Kuwait Petroleum Corporation. The majority of costs incurred by the Company in providing such services are charged to fellow subsidiary undertakings at a markup. The Company's costs are incurred in the main from three locations UK, Netherlands and Kuwait.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 6th Floor, Duke's Court, Duke Street, Woking, Surrey, GU21 5BH.

2 *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The financial statements of Kuwait Petroleum International Limited have been prepared in accordance with Financial Reporting Standard 101; 'Reduced Disclosure Framework' (FRS 101).The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

Information on the first-time adoption of FRS 101 is given in note 19. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

In the current year the Company has adopted FRS 101. In previous years the financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). This change in the basis of preparation has not materially altered the recognition and measurement requirements. Consequently, the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of some of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
    i. paragraph 79(a)(iv) of IAS 1;
    ii. paragraph 73(e) of IAS 16 Property, plant and equipment;
    iii. paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d), (statement of cash flows)
    - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
    - 16 (statement of compliance with all IFRS),
    - 38A (requirement for minimum of two primary statements, including cash flow statements),
    - 38B-D (additional comparative information),
    - 111 (cash flow statement information), and
    - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows' (included in group accounts)
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

2 Summary of significant accounting policies (continued)

Basis of accounting (continued)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

3 Principal accounting policies

Changes in accounting policy and disclosures

New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on 1 April 2014 and have a material impact on the Company:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for the Company to classify items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19, 'Employee benefits' The changes in the Company's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability . See Note 19 for the impact on the financial statements.

Consolidated financial statements.

No group financial statements are prepared, in accordance with section 401 of the Companies Act 2006, since an intermediate parent holding company, Kuwait Petroleum Corporation Holdings (Aruba) AEC, prepares consolidated financial statements in accordance with the provisions of the seventh directive. Therefore, these financial statements present information as an individual company and not about the group.

Foreign currencies

The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the financial year end.

Transactions denominated in foreign currencies are translated into sterling at the average exchange rate for the month in which the transaction occurred. The Kuwait branch costs are translated into sterling on a monthly basis using the average exchange rate for the month.

All exchange differences are taken to the income statement and are disclosed in administrative expenses.

Research and development

Research and development costs incurred in the year are expensed directly in the income statement. Recharges to group companies, net of expenditure, are credited to other operating income.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign a lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

3 Principal accounting policies (continued)

Changes in accounting policy and disclosures (continued)

Intangible fixed assets

Intangible assets include computer software and are stated at their historic purchase price, together with any incidental expenses of acquisition less amortisation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Amortisation is calculated so as to write down the cost of the asset over three to five years using the straight line method.

Property, Plant and Equipment

Property, plant and equipment are stated at their historic purchase price, together with any incidental expenses of acquisition less 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. Depreciation is calculated so as to write off the cost, less residual values, of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned.

Data processing equipment	3 to 4 years
Furniture and office equipment	3 to 10 years
Building fixtures and fittings	3 to 10 years

Assets held as "construction work in progress" are not depreciated as they are yet to be brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Trade and other receivables

Trade and other receivables are amounts, due in the main, from fellow subsidiary undertakings and other group and related group undertakings. If settlement is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash includes cash in hand and deposits held at call with banks.

Share capital

Ordinary shares are classified as equity.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 Principal accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pensions

The Company participates in and is the principal employer for a group defined benefit scheme. The full liability of the scheme is recognised in the Company's balance sheet in respect of defined benefit pension plan. The liability of the scheme has been recognised in full in the financial statement from 2 June 2010, prior to 1 April 2014 using FRS 17 and on transition as that date to IAS 19R. The Company has taken the opportunity to align the financial statements with the group reporting values within the consolidated financial statements of Kuwait Petroleum Corporation Holdings (Aruba) A.E.C. The retirement benefit obligation recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past-service costs are recognised immediately in the income statement.

The Company also makes contributions to the Kuwait Petroleum Executive and Overseas Pension Scheme, a defined benefit scheme for which the ultimate responsibility for funding resides with Kuwait Petroleum Services Company. The Company accounts for its contributions in respect of this scheme on a defined contribution basis and recharges the costs to Kuwait Petroleum Services Company.

For defined contribution schemes in the UK and Kuwait, payments are recognised in the income statement when they fall due.

Financial Instruments

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

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Defined benefit pension scheme - The Company has an obligation to pay pension benefits to certain current and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See Note 15 for the disclosures of the defined benefit pension scheme.

(b) End of service payment – The Company has an obligation to pay an end of service payment to all Kuwaiti employees in line with the Labour Law in Kuwait. The estimate is based on grade and length of service, offset with estimated state pension contributions. Due to the sensitivity of this data the calculation is supplied by the Human Resources Department based in Kuwait in Kuwaiti Dinar on an employee by employee basis. This is then reviewed for completeness and converted at the balance sheet rate as at the end of the financial year.

5 Segmental information

Revenue is considered by the directors to be from one class of business, being the provision of promotional administrative and advisory services to subsidiary undertakings of Kuwait Petroleum Corporation, all of which originated in the United Kingdom.

The geographical analysis of revenue by destination is as follows:

	2016	2015
	£'000	£'000
United Kingdom	**3,362**	1,239
Rest of Europe	**16,719**	10,227
Rest of the world	**35,616**	35,730
	55,697	47,196

The net liabilities and operating profits/(losses) are derived entirely from one class of business and originated in the United Kingdom.

Analysis of revenue by origin

	2016	2015
	£'000	£'000
United Kingdom	**55,697**	47,196

Analysis of operating profit/(loss) by origin

	2016	2015
	£'000	£'000
United Kingdom	**7,101**	(368)

Analysis of net operating liabilities by origin

	2016	2015
	£'000	£'000
United Kingdom	**4,727**	7,186

6 Operating profit/(loss)

	2016 **£'000**	2015 £'000
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation on tangible assets (Note 12)	**432**	185
Foreign exchange (gain)/loss	**(244)**	1,569
Services provided by the Company's auditors		
Fees payable for the audit	**72**	51
Operating lease charges – other	**2,201**	2,214
Other operating income	**(2,316)**	(1,842)

Other operating income includes income from other group companies. The Company participates in the UK defined benefit pension scheme and recognises the full scheme deficit in its statement of financial position, as the principal employer, in accordance with IAS 19R. Although the Company pays the full employer contributions to the scheme (as shown in Note 15), some payments are made on behalf of other group companies who are participating employers. Following the adoption of full defined benefit accounting, these recharges are shown as other operating income £1,753k (2015: £1,382k), with the other group companies recognising the recharge within their own operating costs. The Company also provides services to OKQ8, a joint venture with KPC Holdings (Aruba) A.E.C., resulting in additional operating income of £333k and £230k from the NSRP (Nghi Son Refinery Project).

7 Directors' emoluments

Remuneration received and receivable by three of the Company's directors (2015: three) in respect of their services to the Company comprised:

	2016 **£'000**	2015 £'000
Aggregate emoluments (including benefits in kind)	**1,261**	1,011

Company contributions to pension schemes on behalf of three (2015: three) directors were £31k (2015: £31k). No directors were members of either the money purchase or the defined benefit pension scheme in either financial year.

Emoluments payable to the highest paid director are as follows:

	2016 **£'000**	2015 £'000
Aggregate emoluments	**470**	379

8 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2016 **Number**	2015 Number
Administration	**108**	128
Advisory	**23**	25
Management	**45**	29
Total average headcount	**176**	182

Employment costs of all employees included above:

	2016 **£'000**	2015 £'000
Wages and salaries	**25,339**	19,490
Social security costs	**3,765**	2,802
Other pension costs (see Note 15)	**(927)**	2,203
Total employee costs	**28,177**	24,495

8 Employee information (continued)

Staff costs, including those in respect of executive directors, include recharge costs of £16,627k (2015: £15,570k) for 67 personnel (2015: 87) employed by other group undertakings in respect of services provided to the Company.

9 Finance income and costs

	2016	2015
	£'000	£'000
Intercompany interest receivable	45	57
Bank interest	3	2
Total finance income	**48**	59

	2016	2015
	£'000	£'000
Intercompany interest payable	23	35
Interest paid other	-	12
Interest cost defined benefit pension scheme	1,259	1,026
Total finance expense	**1,282**	1,073
Net finance cost	**(1,234)**	(1,014)

The interest cost relating to the KPC UK Group defined benefit pension scheme for the financial year ended March 2015 £1,026k was impacted by the transition to FRS101 by £1,635k as prior to transition it was an interest income of £609k, this is recharged out with the cost of service across the group based on active members and pensionable salary and shown in the income statement as other income. The cost for the financial year ended March 2016 was £1,259k and was also recharged out.

10 Tax on profit/(loss) on ordinary activities

The tax charged for the year is lower (2015: higher) than the effective rate of corporation tax in the UK 20% (2015:21%). The differences are explained below:

	2016	2015
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	5,867	(1,382)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015:21%)	1,173	(290)
Effects of:		
Non-deductible expenditure	87	135
Non-taxable income	(489)	-
FA differences	(1)	-
Effect of deferred tax not recognised	(129)	673
Group relief to be claimed	269	-
IAS19 related income/(costs) on defined benefit pension scheme	252	470
Pension contributions relief in excess of other pension costs charged	(1,162)	(988)
Total tax	-	-

10 Tax on profit/(loss) on ordinary activities (continued)

The Company has a deferred tax asset of £1,898k (2015: £1,829k) which has not been recognized as there is insufficient evidence of future taxable profits available for group relief in the Kuwait Petroleum UK Tax Group against which the deferred tax asset can be realised.

The unrecognised deferred tax asset (2015: asset) is made up as follows:

	2016 at 18% £'000	2015 at 20% £'000
Tax losses	**(1,506)**	(1,506)
Accelerated capital allowances	**(111)**	(99)
Other timing differences	**(281)**	(224)
Net deferred tax asset at 18% not recognised	**(1,898)**	(1,829)

During the period Finance (No.2) Act 2015 was enacted and included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020.

As this change was substantively enacted at the balance sheet date the unrecognised deferred tax asset has been calculated at 18%.

11 Intangible assets

	Computer software £'000
Cost	
As at 1 April 2015	216
Additions	18
Transfers	3
Disposals	(144)
Exchange adjustments	3
At 31 March 2016	**96**
Accumulated amortisation	
At 1 April 2015	100
Amortisation	5
Disposals	(26)
Exchange adjustments	1
At 31 March 2016	**80**
Net book amount at 31 March 2016	**16**
Net book amount at 31 March 2015	116

The financial year ended 31 March 2015 reflects reclassification of software assets from property, plant and equipment to intangibles on transition to FRS 101.

12 Property, plant and equipment

	Furniture and office equipment £'000	Data processing equipment £'000	Building fixtures and fittings £'000	Assets under constructions £'000	Total £'000
Cost					
At 1 April 2015 (restated)	1,334	1,129	26	-	2,489
Exchange differences	28	24	-	-	52
Additions	259	79	356	7	701
Transfers	(1,215)	(12)	1,224	-	(3)
Disposal	(48)	(431)	(26)	-	(505)
At 31 March 2016	**358**	**789**	**1,580**	**7**	**2,734**
Accumulated Depreciation					
At 1 April 2015 (restated)	1,066	907	26	-	1,999
Exchange differences	37	20	-	-	57
Charge for the year	4	47	381	-	432
Transfers	(735)	(10)	745	-	-
Disposal	(48)	(431)	(26)	-	(505)
At 31 March 2016	**324**	**533**	**1,126**	**-**	**1,983**
Net book value					
At 31 March 2016	**34**	**256**	**454**	**7**	**751**
Net book value					
At 31 March 2015 (restated)	268	222	-	-	490

13 Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year		
Amounts owed by group undertakings:		
Immediate group (KPI companies)	**20,746**	18,242
Other group (KPC Holdings (Aruba) companies)	**527**	371
Other receivables	**729**	879
Prepayments and accrued income	**737**	940
	22,739	20,432

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

14 Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**1,362**	501
Amounts owed to group undertakings:		
Immediate group (KPI companies)	**1,985**	2,028
Other group (KPC Holdings (Aruba) companies)	**1,100**	1,802
Taxation and social security	**177**	274
Accruals and deferred income	**25,753**	24,965
	30,377	29,570

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

15 Post-employment benefits

Under transition to FRS 101 IAS19R was adopted effective 1 April 2014 which has given rise to a remeasurement of post-employment benefit obligations. These have been detailed in Note 19.

a. KPC UK Group defined benefit scheme

Introduction

Kuwait Petroleum International Limited participates in a funded defined benefit pension plan called the KPC UK Group Retirement Plan (the "Scheme") for qualifying UK employees. The Scheme is closed to new members. The Scheme is administered by a separate board of Trustees which is legally separate from the Company. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 65 of one-sixtieth (one-fiftieth for service before 1 July 2013) of final pensionable salary for each year of service. Pensionable salary is defined as basic salary less half of the Basic State pension. Benefits are also payable on death and following other events such as withdrawing from active service.

No other post-retirement benefits are provided to the majority of these employees, although some of the members may also be members of the Kuwait Petroleum Group Personal Pension Plan.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners.

Broadly, about 20% of the liabilities are attributable to current employees, 49% to former employees and 31% to current pensioners.

The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 22 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 29 years), deferred members (duration of 26 years) and current pensioners (duration of 13 years).

15 Post-employment benefits (continued)

1) KPC UK Group defined benefit scheme (continued)

Funding requirement

UK legislation required that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2015 and showed a deficit of £39,900k. The Company is paying deficit contribution of £5,000k per annum over a period of 4 years from the valuation date which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 December 2024. The next funding valuation is due no later than 31 March 2018 at which progress towards full-funding will be reviewed. The Company also pays contributions of 28.4% of pensionable salaries in respect of current accrual, with active members paying a further 8% of pensionable salaries.

Risks associated with this Scheme

The scheme exposes the Company to a number of risks, the most significant of which are:

(a) Asset volatility
The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.

(b) Changes in bond yields
A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

(c) Inflation risk
The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

(d) Life expectancy
The majority of the Scheme's obligations are to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension scheme by investing in assets which perform in line with the liabilities of the plan so as to protect against inflation being higher than expected.

The Trustees insure certain benefits payable on death before retirement.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of the liabilities. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

15 Post-employment benefits (continued)

1) KPC UK Group defined benefit scheme (continued)

Reporting at 31 March 2016

The results of the latest funding valuation at 31 March 2015 have been adjusted to the balance sheet date taking account of experience over the year since 31 March 2015, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used to calculate the liabilities under IAS 19R are set out below:

Main financial assumptions	**2016**	2015	2014
	% p.a.	% p.a.	% p.a.
RPI Inflation	**3.0%**	3.1%	3.4%
CPI Inflation	**1.9%**	2.0%	2.6%
Rate of general long-term increase in salaries	**4.5%**	2.5%	4.9%
Pension increases			
- Pre 97 Excess Pension	**1.6%**	1.7%	2.0%
- Post 97 Pension	**2.9%**	3.0%	3.3%
Discount rate for scheme liabilities	**3.5%**	3.2%	4.3%

The financial assumptions reflect the nature and term of the Scheme's liabilities.

Main demographic assumptions

	2016	2015	2014
	Years	Years	Years
Mortality table adopted	**S2N tables with a 95% scaling factor, CMI_2014 Core Projections, based on year of birth and with long term rate of improvement of 1.5% p.a.**	S1N tables with a 90% scaling factor, CMI_2011 Core projections, based on year of birth with long term rate of improvement of 1.25% p.a.	
Life expectancy			
Male currently aged 65	**23.4**	23.4	23.3
Female currently aged 65	**25.6**	25.9	25.8
At 65 for male currently aged 40	**26.1**	25.7	25.6
At 65 for female currently aged 40	**28.4**	28.3	28.2
Cash commutation	Assume 40% of members take the maximum cash permissible on retirement.		

The mortality assumptions are based on the recent actual mortality experience of Scheme members, and allow for expected future improvements in mortality rates.

15 Post-employment benefits (continued)

1) KPC UK Group defined benefit scheme (continued)

Reporting at 31 March 2016 (continued)

The Scheme assets are invested in the following asset classes (all assets have a quoted market value in an active market):

Asset allocation

	Asset Class	**2016**	2015
		£'000	£'000
Legal & General Active Corporate Bond – Over 10 Year Fund	Corporate Bonds	**-**	26,694
Legal & General over 5 year Index-Linked Gift Index Fund	Index-Linked Gifts	**-**	12,661
Legal & General Matching Plus Fund	LDI	**26,937**	-
Schroder Life Diversified Growth Fund	DGF	**-**	18,449
Schroders Emerging Markets Equity Fund	Equities	**3,532**	-
Newton Real Return Fund	DGF	**37,476**	34,176
Russell Multi Asset Growth	DGF	**37,734**	18,394
Trustee bank account	Cash	**12,432**	3,995
Total		**118,111**	114,369

The amounts recognised in the statement of financial position are set out below:

	2016	2015	2014
	£'000	£'000	£'000
Fair value of Scheme assets	**118,111**	114,369	101,437
Present value of funded defined benefit obligations	**(146,942)**	(154,269)	(125,875)
Deficit of funded plans	**(28,831)**	(39,900)	(24,438)
Liability recognised in the statement of financial position	**(28,831)**	(39,900)	(24,438)

Kuwait Petroleum International Limited

Notes to the financial statements for the year ended 31 March 2016

15 Post-employment benefits (continued)

1) KPC UK Group defined benefit scheme

Reporting at 31 March 2016 (continued)

The amounts recognised in statement of comprehensive income are set out below:

	2016	2015
	£'000	£'000
Current service cost (operating cost)	1,304	1,211
Interest on net defined benefit liability (financing cost)	1,259	1,026
Total amount recognised in income statement	2,563	2,237
Remeasurements in other comprehensive income:		
Return on plan assets below/(in excess of) that recognised in net interest	3,426	(6,253)
Actuarial (gains)/losses due to changes in financial assumptions	(9,581)	25,025
Actuarial gains due to changes in demographic assumptions	(1,621)	-
Actuarial gains on Scheme liabilities arising from experience	(46)	(842)
Total amount recognised in other comprehensive income	(7,822)	17,930
Total amount recognised in the statement of comprehensive income	(5,259)	20,167

The movement in the defined benefit liability over the year is as follows:

	2016	2015
	£'000	£'000
At 1 April 2015	154,269	125,875
Current service cost	1,304	1,211
Interest expense	4,894	5,355
Contribution by Scheme participants	228	243
Remeasurements:		
- Actuarial gains on Scheme liabilities arising from changes in demographic assumptions	(1,621)	-
- Actuarial (gains)/losses on Scheme liabilities arising from changes in financial assumptions	(9,581)	25,025
- Actuarial gains on Scheme liabilities arising from experience	(46)	(842)
	(11,248)	24,183
Net benefits paid out	(2,505)	(2,598)
At 31 March 2016	146,942	154,269

15 Post-employment benefits (continued)

1) KPC UK Group defined benefit scheme

Reporting at 31 March 2016 (continued)

The movement in the fair value of scheme assets over the year is as follows:

	2016	2015
	£'000	£'000
At 1 April 2015	114,369	101,437
Interest income on Scheme assets	3,635	4,329
Remeasurement (losses)/gains on Scheme assets	(3,426)	6,253
Contributions by the employer	5,810	4,705
Contributions by Scheme participants	228	243
Net benefits paid out	(2,505)	(2,598)
At 31 March 2016	118,111	114,369

Actual return on Scheme assets

	2016	2015
	£'000	£'000
Interest income on Scheme assets	3,635	4,329
Remeasurement (losses)/gains on scheme assets	(3,426)	6,253
Actual return on Scheme assets	209	10,582

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principle assumptions used is set out below.

	Change in assumptions %	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Increase/decrease by 5.30%
Rate of increases in salaries	Increase/decrease by 0.25%	Increase/decrease by 0.69%
Rate of increase in pensions in payment	Increase/decrease by 0.25%	Increase/decrease by 3.38%
Mortality	Increase /decrease by 1 year	Increase/decrease by 2.86%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

15 Post-employment benefits (continued)

2) Executive and Overseas Pension Scheme

The Executive and Overseas pension scheme was a defined benefit scheme, with the ultimate responsibility for the funding of this scheme resides with Kuwait Petroleum Services Company. The staff to which payments to this pension scheme related were on secondment to the UK group and when the secondments end the UK group has no contractual responsibility to fund any future deficits in this scheme. The pension costs payable are therefore treated as if the scheme were a defined contribution scheme. The total pension cost for the Company for the year ended 31 March 2016 was £nil (2015: £1,159k).

A similar recovery plan was agreed for this pension scheme £1,150k per annum payable from June 2010 with subsequent payments due 31 March 2011 and each 31 March thereafter. This scheme was closed and all active members became deferred on 31 March 2012. The costs of the scheme for March 2014 and March 2015 were recharged out in March 2016 £1,115k and £1,150k respectively, resulting in a credit of £2,265k to the income statement.

This scheme was terminated with a buy out on 31 March 2016.

3) Defined contribution scheme

The cost of contributions to the defined contribution scheme amounts to £713k (2015: £625k).

16 Called up share capital

	2016	2015
	£	£
Authorised		
10,000,000 ordinary shares of £1 each	**10,000,000**	10,000,000
Allotted and fully paid		
5,500,100 ordinary shares of £1 each	**5,500,100**	5,500,100

17 Commitments

The Company had the following future aggregate minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016	2015
	£'000	£'000
No later than one year	**2,166**	2,377
Later than one year and not later than five years	**4,198**	5,354
	6,364	7,731

As at 31 March 2016, the Company had commitments relating to the leasing of Head Offices in both Kuwait and the UK of £1,274k (2015: £1,589k).

18 Controlling parties

The immediate parent of the Company is Kuwait Petroleum (U.K. Holdings) Limited, incorporated in England.

The parent company of the largest group of undertakings for which group financial statements are drawn up, and 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 state of Kuwait, who represent the ultimate controlling party. The immediate parent company of the smallest such group is KPC Holdings (Aruba) A.E.C., incorporated in Aruba. Copies of the consolidated financial statements of KPC Holdings (Aruba) A.E.C. can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

19 Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 101.

The effects of the changes to the accounting policies on the equity is shown in the following table:

Impact of transition to FRS 101 on the total equity

		1 April 2014 £'000
UK GAAP – As previously reported		**(32,847)**
Fair value of pension scheme assets	A	(172)
Present value of pension obligation	A	351
Total adjustment to equity for the financial year		179
FRS 101		**(32,668)**

A- Under previous UK GAAP the Company defined benefit scheme was accounted under FRS 17 , with the transition to FRS 101 and IAS 19 .The changes in the Company's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability which is in line with previous group reporting. To this end the opening balances for 1 April 2014 have been restated to align with group IFRS reporting which has always been accounted for under IAS 19. The transition from FRS 17 to IAS 19 resulted in an increase in the value of the schemes assets by £172k and a reduction in the pension obligation of £351k. The impact of the transition has been to reduce the deficit of total reserves by £179k.

19 Transition to FRS 101 (continued)

The effects of the changes to the accounting policies on the Income Statement and Statement of comprehensive income is shown in the following tables:

Impact of transition to FRS 101 on the Income Statement

		31 March 2015 before transition	Impact of transition	31 March 2015 as presented
		£'000	£'000	£'000
Revenue		47,196	-	47,196
Administrative expenses	B	(50,176)	770	(49,406)
Other income	C	1,292	550	1,842
Operating loss		(1,688)	1,320	(368)
Finance income		668	(609)	59
Finance costs		(47)	(1,026)	(1,073)
Finance costs – net	D	621	(1,635)	(1,014)
Loss on ordinary activities before income tax		(1,067)	(315)	(1,382)
Income tax expense on ordinary activities		-	-	-
Loss for the financial year		(1,067)	(315)	(1,382)

Impact of transition to FRS 101 on the Statement of comprehensive income

	2015 before transition	Impact of transition	2015 as presented
	£'000	£'000	£'000
Loss for the financial year	(1,067)	(315)	(1,382)
Other comprehensive income: Items that will not be reclassified to profit or loss			
Actuarial loss recognised in the pension scheme	(24,617)	179	(24,438)
Other comprehensive expense for the year, net of tax	(24,617)	179	(24,438)
Total comprehensive income for the year	(25,684)	(136)	(27,820)

B- Administrative expenses

The cost of service expense increased to £1,211k an additional cost of £25k together with a further reduction in the Company's pension costs of £795k as a result of the change of accounting standards from FRS 17 to IAS 19.

C- Other income

Pension costs of the KPC defined benefit scheme rechargeable to other group companies was previously £832k, with the increase of costs the amount rechargeable to group companies increased to £1,382k a movement of £550k.

D- Defined benefit scheme net interest

Previously reported under FRS 17 the Company recognised an expected return on defined benefit plan assets in the income statement. Under FRS 101 a net interest expense, based on the net defined benefit liability, is recognised in the income statement. The effect of the change has taken the credit of £609k to the income statement in the year to 31 March 2015 to a charge of £1,026k a movement of £1,635k.